

Notice of Meeting and Management Information Circular

The Annual General and Special Meeting of Shareholders of Canacol Energy Ltd. will be held:

June 24, 2022, 10:00 a.m. (EST)

Hotel NH Collection Teleport

Salón Ciprés

Calle 113 No. 7-65

Bogotá, Colombia



Dated: May 13, 2022



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 24, 2022

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the “**Meeting**”) of holders of common shares of Canacol Energy Ltd. (the “**Corporation**”) will be held at the Hotel NH Collection Teleport, Salón Ciprés, Calle 113 No. 7-65, Bogotá, Colombia, at 10:00 a.m. (EST), on June 24, 2022 for the following purposes:

1. **TO RECEIVE** and consider the financial statements of the Corporation for the financial year ended December 31, 2021 and the report of the auditor thereon;
2. **TO FIX** the number of directors of the Corporation to be elected at the Meeting at eight;
3. **TO ELECT** the Board of Directors of the Corporation for the ensuing year;
4. **TO APPOINT** the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor’s remuneration;
5. **TO RE-APPROVE** the adoption of the Corporation’s omnibus long-term incentive plan; and
6. **TO TRANSACT** such other business as may be properly brought before the meeting or any adjournment thereof.

The management information circular (the “**Circular**”) accompanying this Notice provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Note of Caution Concerning the COVID-19 Pandemic

Due to the public health restrictions implemented to combat the COVID-19 pandemic, including any potential restrictions on mass gatherings that may be implemented by local governments and taking into account the health and safety of our employees, shareholders, service providers and other stakeholders, **the Corporation strongly encourages shareholders not to attend the Meeting in person. The Meeting is not a virtual-only meeting, however, the Corporation strongly encourages shareholders to vote by proxy, by mail, by telephone or on the internet, rather than attending the Meeting in person.** Restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions. **THE CORPORATION MAY LIMIT ATTENDEES AS REQUIRED BY ANY MASS GATHERING RESTRICTIONS AT THE TIME OF THE MEETING.** In addition, any attendees may be required to practice social distancing at the Meeting.

In order to permit shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- 🔥 Canada Toll Free: 1-866-450-4696
- 🔥 Colombia Toll Free: 01800-9-156803
- 🔥 United States In Toll: 1-844-784-1724
- 🔥 International Dial In: 1-412-317-6716
- 🔥 UK Toll Free: 08082389064

Please ask the operator to be joined into the Canacol Energy Ltd. conference call. **Shareholders will not be able to vote through the conference call.**

As the COVID-19 pandemic continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation's profile on SEDAR at www.sedar.com.

WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the "Record Date") is at the close of business on May 13, 2022. Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting.

While registered shareholders are entitled to attend the Meeting in person, we strongly recommend that all shareholders vote by proxy and accordingly ask that registered shareholders complete, date, sign and return the enclosed form of proxy for use at the Meeting or any adjournment thereof. A proxy will not be valid unless it is deposited with the Corporation's transfer agent, Olympia Trust Company, (a) by email at proxy@olympiustrust.com, (b) by web voting at <https://css.olympiustrust.com/pxlogin>, or (c) by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (EST) on June 22, 2022 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting.

Beneficial shareholders must seek instructions on how to complete their proxy and vote their shares from their broker, trustee, financial institution or other nominee, as applicable. Beneficial shareholders who purchased their shares through the Bolsa de Valores de Colombia (or the Colombian Stock Exchange) ("BVC Shareholders") must seek instructions on how to complete their applicable proxy form and vote their shares from Depósito Centralizado de Valores de Colombia S.A. ("Deceval"). All shareholders should advise the Corporation of any change in their mailing address.

If you have any questions relating to the proxy voting, please contact Olympia Trust Company by telephone at 1-866-668-8379. BVC Shareholders should contact Deceval should they have any questions or concerns regarding their applicable proxy voting procedures.

DATED this 13th day of May, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

"Charle Gamba"

Charle Gamba

President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of CANACOL ENERGY LTD. (the “Corporation” or “Canacol”) for use at the annual general and special meeting (the “Meeting”) of the holders of common shares of the Corporation (“Common Shares”) to be held on the 24th day of June, 2022 at 10:00 a.m. (EST) at the Hotel NH Collection Teleport, Salón Ciprés, Calle 113 No. 7-65, Bogotá, Colombia, and at any adjournment thereof, for the purposes set forth in the notice of annual general and special meeting (“Notice of Meeting”). The board of directors of the Corporation (the “Board”) has fixed the record date for the Meeting at the close of business on May 13, 2022 (the “Record Date”). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Unless otherwise stated, the information contained in this Circular is given as at May 13, 2022. Except as otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars and references to \$ are to Canadian dollars. References to US\$ are to United States dollars.

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WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.

NON-GAAP TERMS

This Circular refers to certain financial measures that are not determined in accordance with Generally Acceptable Accounting Principles applicable to publicly traded companies in Canada (“GAAP”). Measures such as earnings before interest, tax, depreciation and amortization (“EBITDA”) are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of the Corporation’s results of operations and financial position. These financial measures are considered additional GAAP or non-GAAP financial measures. Readers are cautioned that these measures should not be construed as an alternative to measures determined in accordance with GAAP as an indication of the Corporation’s performance. Readers should refer to the Corporation’s 2021 annual financial statements and associated management discussion and analysis filed on SEDAR at www.sedar.com for a full discussion of the Corporation’s financial performance and a reconciliation of these measures to their most closely related GAAP measures.

SOLICITATION OF PROXIES

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the enclosed form of proxy (“**Instrument of Proxy**”), the Notice of Meeting and this Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor. In accordance with National Instrument 54-101 – *Communication with Beneficial Owner of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the Instrument of Proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than the persons designated, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided.

An Instrument of Proxy will not be valid unless it is deposited with the Corporation’s transfer agent, Olympia Trust Company, (a) by email at proxy@olympiatrust.com, (b) by web voting at <https://css.olympiatrust.com/pxlogin>, or (c) by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6. All instructions are listed in the Instrument of Proxy. The Instrument of Proxy or voting instructions must be received in each case no later than 10:00 a.m. (EST) on June 22, 2022 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally 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 the shareholder’s attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

EXERCISE OF DISCRETION BY PROXY

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendment, variation or other matter.

BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of Common Shares who do not hold their Common Shares in their own name ("**Beneficial Shareholders**"). 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 can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares and mails a machine-readable voting instruction form (a "**VIF**") in lieu of the Instrument of Proxy. The Beneficial Shareholder is requested to complete and return the VIF to Broadridge by mail or facsimile, or to otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a VIF cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered holder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the applicable form of proxy or VIF provided to them and return the document to their broker (or other intermediary or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent, well in advance of the Meeting. See "Note of Caution Concerning the COVID-19 Pandemic".**

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

BENEFICIAL SHAREHOLDERS IN COLOMBIA

Most shareholders in Colombia are Beneficial Shareholders and hold their Common Shares through Depósito Centralizado de Valores de Colombia S.A. (“**Deceval**”). Beneficial Shareholders who purchased their Common Shares through the Bolsa de Valores de Colombia (or the Colombian Stock Exchange) (“**BVC Shareholders**”) will be provided with the Meeting materials and a form of proxy from Deceval allowing them to direct the voting of the Common Shares they beneficially own. BVC Shareholders should contact Deceval should they have any questions or concerns regarding their applicable proxy voting procedures.

NOTICE-AND-ACCESS

Canacol has elected to use the notice-and-access provisions under NI 54-101 (the “**Notice-and-Access Provisions**”) for the Meeting in respect of mailings to Beneficial Shareholders but not in respect of mailings to registered shareholders (i.e. a shareholder whose name appears on the records of the Corporation). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators (“**CSA**”) that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular in respect of a meeting of its shareholders and related materials.

More specifically, Canacol has elected to use procedures known as ‘stratification’ in relation to its use of the Notice-and-Access Provisions. As a result, registered shareholders will receive a paper copy of the Notice of Meeting, this Circular and the Instrument of Proxy, whereas Beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a VIF. In addition, a paper copy of the Notice of Meeting, this Circular, and a VIF will be mailed to those shareholders who do not hold their Common Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the financial information in respect of the most recently completed financial year of Canacol will be mailed to those registered shareholders and Beneficial Shareholders who previously requested to receive information.

Canacol will be delivering proxy-related materials to non-objecting Beneficial Shareholders directly with the assistance of Broadridge. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

MATTERS TO BE ACTED UPON AT THE MEETING

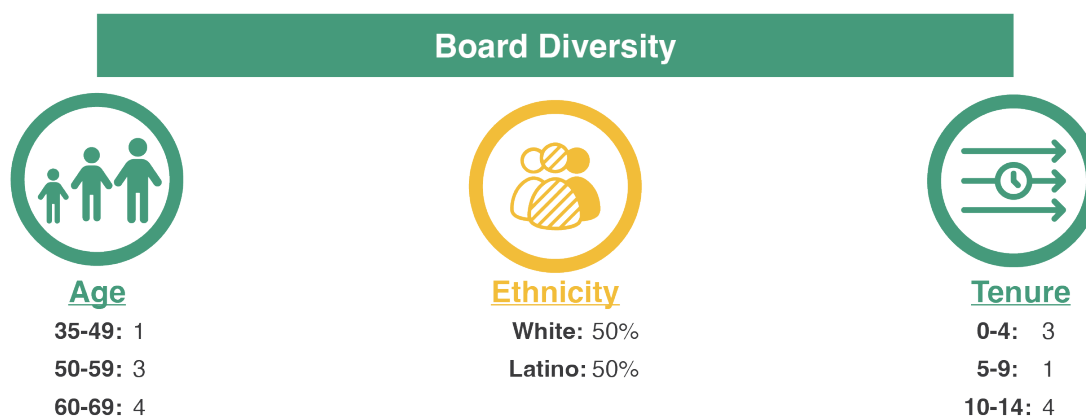
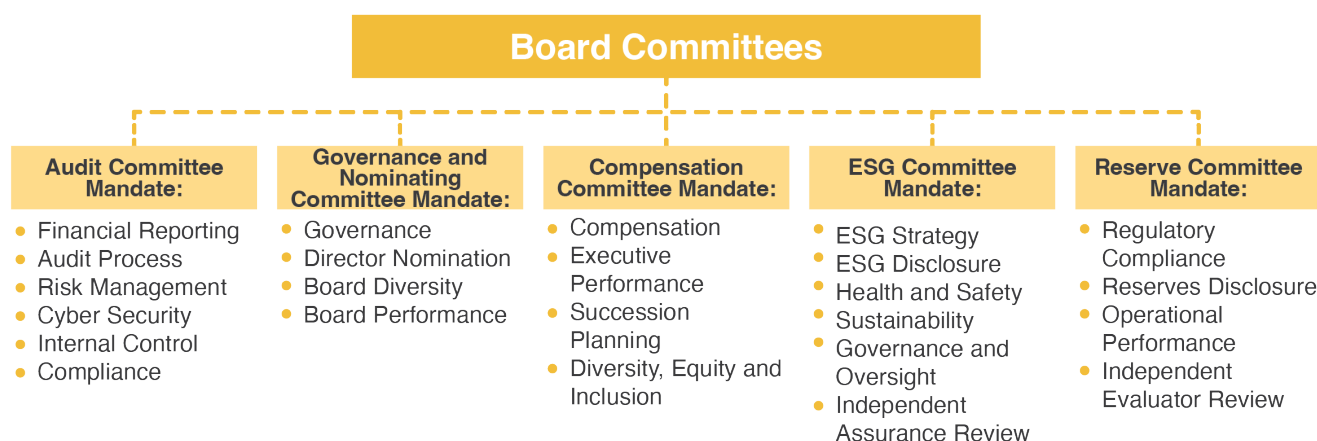
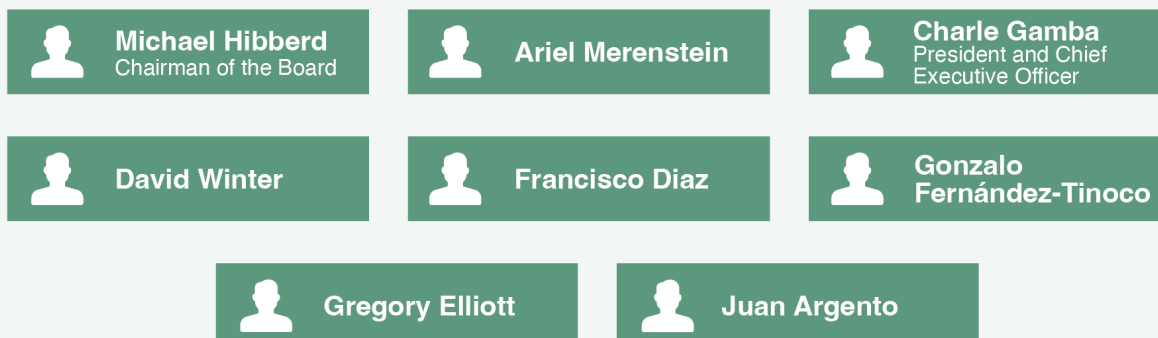
1. Report and Financial Statements

The Board has approved all of the information in the audited financial statements of the Corporation for the financial year ended December 31, 2021 and the report of the auditor thereon, copies of which are delivered herewith and are also available on www.sedar.com under the Corporation’s SEDAR profile. No vote by the shareholders is required to be taken on the financial statements.

2. Election of Directors

At the Meeting, shareholders will be asked to fix the number of directors to be elected at the Meeting at eight members and to elect eight directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently eight directors of the Corporation, each of whom retires from office at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at eight members and in favour of the election as directors of the eight nominees hereinafter set forth:



Information Regarding the Proposed Directors

The following tables set out information regarding each of the director nominees, including a brief summary of their experience and qualifications, provinces or states and countries of residence, age, the number of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, the number of stock options ("**Options**") held, the number of restricted share units ("**RSUs**") held, the number of performance share units ("**PSUs**") held, the number of deferred share units ("**DSUs**") held, their share ownership compliance, their prior year annual general meeting voting results, the period served as director, the principal occupation, business or employment of each, the committees of the Board on which they serve as well as their 2021 meeting attendance. The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the nominees as of May 13, 2022.

The Board has determined that all of the director nominees with the exception of Charle Gamba and Juan Argento are independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Charle Gamba is not independent as he is the President and Chief Executive Officer of the Corporation. Juan Argento is not independent as he is a Managing Director at Horizon Capital, a firm that received consulting fees from the Corporation prior to his appointment to the Board.

Charle Gamba

President, Chief Executive Officer and Director

Bogotá, Colombia

Age: 57

Director Since: October 30, 2008

2021 Board and Committee Membership⁽¹⁾

Board of Directors	19/19 – 100%
Reserves Committee	3/3 – 100%
ESG Committee	2/2 – 100%

Other Public Boards:

- Pieridae Energy Limited
- Horizon Petroleum Ltd.

Key Experience and Expertise:

- Strategic Planning
- Industry knowledge
- Capital markets/investor relations
- Financial
- Risk management
- Government relations
- Corporate governance
- Leadership/CEO
- International operations
- Oil and gas exploration/development
- Compensation
- ESG
- Mergers and acquisitions
- Marketing
- Operational
- Strategic analysis

Mr. Gamba is currently the President and Chief Executive Officer of Canacol, a role he has held since he founded the Corporation in 2008. Mr. Gamba has 28 years of international oil and gas experience, and has previously worked for Imperial Oil, Canadian Occidental Oil and Gas, Occidental Petroleum, and Alberta Energy Company in Southeast Asia, the Middle East, West Africa, Canada, and Latin America. He has served on the board of directors of several publicly listed and private oil and gas companies where he held positions on the ESG, audit, reserves, HSE and compensation committees. Mr. Gamba currently sits on the board of the Asociacion Colombiana de Petroleo and Naturgas, two industry groups that form upstream, midstream and downstream policy for the oil and gas industry in Colombia. Mr. Gamba holds a B.Sc., M.Sc. and PhD in Geology.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
837,138	675,000	305,534	-	320,000

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	98.35	1,442,226	Comply

Michael Hibberd

Chairman

Calgary, Alberta, Canada

Age: 66

Director Since: October 30, 2008

2021 Board and Committee Membership⁽¹⁾

Board of Directors	19/19 – 100%
Audit Committee (Chair)	4/4 – 100%
Governance and Nominating Committee	2/2 – 100%
Compensation Committee	10/10 – 100%
ESG Committee	2/2 – 100%

Other Public Boards:

- Pan Orient Energy Corp.
- PetroFrontier Corp.
- Sunshine Oilsands Ltd.

Key Experience and Expertise:

- Financial
- Industry knowledge
- Compensation
- Capital markets/investor relations
- Risk management
- Corporate governance
- Leadership/CEO
- International operations/marketing
- Mergers and acquisitions

Mr. Hibberd is currently Chairman of the Board of Canacol and brings over 40 years of industry and senior leadership experience to the Corporation. For over 26 years, Mr. Hibberd has been Chairman and CEO of MJH Services Inc., a corporate finance advisory firm. He is also currently Vice Chairman of Sunshine Oilsands Ltd., Chairman of PetroFrontier Corp. and serves as a board member of Pan Orient Energy Corp. Formerly, he was Chairman of Heritage Oil Plc, Heritage Oil Corporation and Greenfields Petroleum Corporation; and former director of Montana Exploration Corp., Avalite Inc., Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Rally Energy Corp., Sagres Energy, Skope Energy Inc. and Zapata Energy Corporation. Mr. Hibberd holds a BA and an MBA from Western University and an LLB from the University of Toronto. He is also a member of the Law Society of Upper Canada.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
245,580	163,600	41,585	29,573	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	95.78	91,800	Comply

Juan Argento

Director

Caracas, Venezuela

Age: 50

Director Since: February 11, 2021

2021 Board and Committee Membership⁽¹⁾⁽³⁾

Other Public Boards:

Key Experience and Expertise:

Board of Directors	15/15 – 100%
Compensation Committee	8/8 – 100%
ESG Committee	1/1 – 100%

None

- Strategic analysis
- Financial
- Mergers and acquisitions
- Capital markets
- Industry knowledge
- International operations
- Corporate governance
- Insurance

Mr. Argento brings over 20 years of experience in the global energy industry and the financial sector to Canacol. Mr. Argento is currently one of two Managing Directors at Horizon Capital, an advisory and principal investment firm focused on the Latin American energy industry. Prior to joining Horizon, Mr. Argento was an advisor to Millennium Global, a London-based hedge fund group, and a partner at Rubikon Partners, a mid-market private equity firm, focused on the European market. Mr. Argento also worked for Newbridge, the Latin American fund of Texas Pacific Group and for Salmon Brothers. In 2000, Mr. Argento was the sole founder of Circulo Asegurador, one of the first online insurance brokers in South America, with operations in Brazil and Argentina. Mr. Argento graduated with honors in Economics from Harvard University.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
573,525	200,000	47,975	10,250	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	94.22	91,800	Comply

Francisco Diaz

Director

Bogotá, Colombia

Age: 60

Director Since: January 16, 2015

2021 Board and Committee Membership⁽¹⁾⁽⁴⁾

Board of Directors	17/19 – 90%
Audit Committee	4/4 – 100%
Governance and Nominating Committee	2/2 – 100%
ESG Committee (Co-Chair)	1/1 – 100%

Other Public Boards:

None

Key Experience and Expertise:

- Financial
- ESG
- Industry knowledge
- Capital markets/investor relations
- Risk management
- Government relations
- Corporate governance
- International operations

Mr. Diaz has close to 30 years of experience as an international executive and general manager. Mr. Diaz is currently the Managing Partner at Evolvere Capital SAS, a private equity firm that manages various portfolio companies in Colombia, Latin America, and Spain. He is also the Chairman of the Board and Chair of the Audit Committee of Systemgroup, a financial services company which operates in seven Latin American countries. Mr. Diaz previously occupied the position of President and Chief Executive Officer for Organización Corona SA, and various executive positions for Monsanto Company including President of the Global Food Ingredients Division, Vice President of Global Strategy, and Vice President and General Manager for Latin America. Mr. Diaz currently leads a foundation that provides nutrition to more than 45,000 disadvantaged children in Colombia. Mr. Diaz received an undergraduate degree in Chemical Engineering from Northeastern University, a graduate degree from the J.L Kellogg Graduate School of Management at Northwestern University and a graduate degree from Hult International Business School, Inc.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
-	72,800	32,252	25,973	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	95.77	91,800	Comply ⁽⁵⁾

Gregory Elliott

Director

Oakdale, Louisiana, United States

Age: 63

Director Since: December 21, 2012

2021 Board and Committee Membership⁽¹⁾⁽⁶⁾

Board of Directors	17/19 – 90%
Reserves Committee	3/3 – 100%
Governance and Nominating Committee	1/1 – 100%
ESG Committee	1/1 – 100%

Other Public Boards:

None

Key Experience and Expertise:

- Engineering/operational
- Industry knowledge
- Human resources/compensation
- Risk management
- Corporate governance
- Leadership
- International operations
- Oil and gas development

Mr. Elliott brings over 40 years of industry and senior leadership experience to Canacol. Mr. Elliott is the past President and Founder of Workstrings International, a Superior Energy Services, Inc. company. Mr Elliott started his career at Chevron holding various engineering and management positions in North America and internationally. Mr. Elliott was a Charter Member of Geoproduction Oil & Gas Company, founded in 2001 and later acquired by Canacol. Mr. Elliott holds a Petroleum Engineering degree from Louisiana State University.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
1,381,724	72,800	32,252	25,973	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	95.81	91,800	Comply

Gonzalo Fernández-Tinoco

Director

Caracas, Venezuela

Age: 59

Director Since: November 8, 2018

2021 Board and Committee Membership⁽¹⁾⁽⁷⁾

Board of Directors	19/19 – 100%
Audit Committee	4/4 – 100%
Governance and Nominating Committee (Chair)	2/2 – 100%
ESG Committee	1/1 – 100%

Other Public Boards:

None

Key Experience and Expertise:

- Information technology/security
- Industry knowledge
- Financial
- Risk management
- Corporate governance
- Leadership
- International operations

Mr. Fernández-Tinoco brings over 30 years of senior leadership experience in the telecommunication industry with positions in Corporacion Digitel and BellSouth. Mr. Fernández-Tinoco is currently a director of the following organizations: Corporacion Digitel, a telecom company, Maritime Contractors de Venezuela, an oil drilling company, DP Delta Servicios, an oil services company, Petrodelta, a joint venture, and Delta Finance. Mr. Fernández-Tinoco received a degree in law from Universidad Católica Andrés Bello and an EMBA from IESA.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
125,999	-	48,308	9,250	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	85.62	91,800	Comply

Ariel Merenstein

Director

São Paulo, Brazil

Age: 38

Director Since: March 17, 2020

2021 Board and Committee Membership⁽¹⁾

Board of Directors	19/19 – 100%
Audit Committee	4/4 – 100%
Compensation Committee	10/10 – 100%

Other Public Boards:

None

Key Experience and Expertise:

- Financial
- Industry knowledge
- Capital markets/investor relations
- Corporate governance
- International operations
- Strategic analysis
- Risk Management

Mr. Merenstein brings significant experience in the global energy industry and the financial sector to Canacol. Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail Capital, LP ("**Fourth Sail**"). Prior to founding Fourth Sail in 2019, he spent eleven years at Prince Street Capital Management, a global emerging and frontier markets fund, where he was a Partner on the research team and the Portfolio Manager of the Prince Street Latin America Long/Short fund. Prior to joining Prince Street, Mr. Merenstein worked at Lehman Brothers and Bear Stearns. He is a magna cum laude graduate of the New York University Stern School of Business.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
34,949,868 ⁽⁸⁾	-	47,975	10,250	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	99.22	91,800	Comply

David Winter

Director

Calgary, Alberta, Canada

Age: 64

Director Since: February 6, 2009

2021 Board and Committee Membership⁽¹⁾

Board of Directors	19/19 – 100%
Audit Committee	3/3 – 100%
Compensation Committee	10/10 – 100%
Governance and Nominating Committee	2/2 – 100%
ESG Committee (Co-Chair)	2/2 – 100%

Other Public Boards:

- Horizon Petroleum Ltd.

Key Experience and Expertise:

- Industry knowledge
- Oil and gas exploration
- ESG
- Government relations
- Corporate governance
- Leadership/CEO
- International operations
- Oil and gas development
- Mergers and acquisitions
- Human resources/compensation
- Strategic analysis

Dr. Winter is the Chief Executive Officer and Director of each of Horizon Petroleum Ltd. and Miramar Hydrocarbons Ltd. He was a co-founder of Canacol. Previously, Dr. Winter was the Founder, Chief Executive Officer and Director of Excelsior Energy Limited, an oil sands focused exploration company. Dr. Winter brings 37 years of international experience in a variety of technical, management and leadership roles living and working in Latin America, the Middle East, Southeast Asia and the UK North Sea. His experience was gained working at British Petroleum, Sun Oil, Canadian Occidental (now Nexen), Alberta Energy Company (now EnCana), Calvalley Petroleum and Excelsior Energy Limited. Dr. Winter holds a B.Sc. (Hons) in Geology from the University of London, a M.Sc. in Structural Geology from Imperial College, University of London and a PhD in Structural Geology from Edinburgh University.

Number of Securities Held at May 13, 2022

Common Shares	Options	RSUs	DSUs	PSUs
37,367	72,800	34,718	28,173	-

Annual General Meeting Voting Results

Share Ownership Requirement

Year	% of Votes For	Target Level (\$) ⁽²⁾	Status
2021	93.50	91,800	Comply

Notes:

- (1) On March 11, 2021, the Board approved its committee members as follows: Audit Committee (Michael Hibberd (Chair), Francisco Diaz, Ariel Merenstein and Gonzalo Fernandez-Tinoco); Reserves Committee (David Winter (Chair), Charle Gamba and Greg Elliott); Compensation Committee (David Winter (Chair), Michael Hibberd, Ariel Merenstein and Juan Argento); Governance and Nominating Committee (Gonzalo Fernandez-Tinoco (Chair), Michael Hibberd, Francisco Diaz, David Winter and Greg Elliott); and Environmental, Social and Governance (“ESG”) Committee (Francisco Diaz (Co-Chair), David Winter (Co-Chair), Charle Gamba, Michael Hibberd and Juan Argento).
- (2) Target level is two times the annual base retainer for non-executive directors and two times the annual salary for executive directors.
- (3) Mr. Argento was appointed to the Board effective February 11, 2021 and was appointed to the Compensation Committee and the ESG Committee on March 11, 2021.
- (4) Mr. Diaz was appointed to the ESG Committee on March 11, 2021.
- (5) The Share Ownership Policy for non-executive directors and executive officers was implemented on May 1, 2021. Each director has a period of four years from the date of implementation to comply with the Share Ownership Policy.
- (6) Mr. Elliott was appointed to the Governance and Nominating Committee and the ESG Committee on March 11, 2021.
- (7) Mr. Fernández-Tinoco was appointed to the ESG Committee on March 11, 2021.
- (8) Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail, which owns 34,949,868 Common Shares as at May 13, 2022. Please refer to “*INFORMATION CONCERNING THE CORPORATION – Voting Securities and Principal Holders Thereof*” for further information.

Board member	Director Since	Age	Key Experience and Expertise																			
			Capital Markets	CEO	Compensation	Corporate Governance	Engineering	ESG	Financial	Government Relations	Human Resources	Industry Knowledge	Information Technology	Insurance	International Operations	Investor Relations	Leadership	Marketing	Mergers and Acquisitions	Oil and Gas Development	Oil and Gas Exploration	Operational
Charle Gamba President, CEO and Director	2008	57																				
Michael Hibberd Chairman	2008	66																				
Juan Argento Director	2021	50																				
Francisco Diaz Director	2015	60																				
Gregory Elliott Director	2012	63																				
Gonzalo Fernández-Tinoco Director	2018	59																				
Ariel Merenstein Director	2020	38																				
David Winter Director	2009	64																				

Majority Voting for Directors

The Board has adopted a Majority Voting Policy in director elections that will apply at any meeting of the Corporation's shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders' meeting. Following receipt of such resignation, the Governance and Nominating Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board. Within 90 days following the applicable shareholders' meeting, the Board shall publicly disclose their decision whether to accept the applicable director's resignation or not, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board or a committee thereof at which the resignation is considered.

Advance Notice By-Law

Canacol has advance notice requirements in its by-laws which was ratified by shareholders at the 2013 annual and special meeting of shareholders of the Corporation. The Corporation's by-laws provide that advance notice must be given to Canacol in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (a) a "proposal" made in accordance with the *Business Corporations Act* (Alberta); or (b) a requisition of a meeting made pursuant to the *Business Corporations Act* (Alberta). It also stipulates a deadline by which shareholders must notify Canacol of their intention to nominate directors and sets out the information that shareholders must provide regarding each director nominee and the nominating shareholder in order for the advance notice requirement to be met. These requirements are intended to provide all shareholders of the Corporation with the opportunity to evaluate and review the proposed candidates and vote in an informed and timely manner regarding said nominees. No person nominated by a shareholder will be eligible for election as a director of Canacol unless nominated in accordance with the provisions of the by-laws of the Corporation. As of the date of this Circular, the Corporation has not received any nominations via the advance notice mechanism.

Cease Trade Orders, Bankruptcies Penalties or Sanctions

To our knowledge, other than as disclosed below, no proposed director: (i) is, or has been in the last 10 years before the date hereof, a director, chief executive officer or chief financial officer of a company (including the Corporation) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "order"), or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (ii) is, or has been in the last 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that while that person was acting in such 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; (iii) has, within the last 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iv) has been subject to: (a) 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 (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

David Winter is a director and officer and Charle Gamba is a director of Horizon Petroleum Ltd. Horizon Petroleum Ltd. is subject to a cease trade order from the Alberta Securities Commission for failure to file its 2019 year end financial statements and MD&A. The cease trade order was issued on January 6, 2020 and, as at the date hereof, is still in effect.

Charle Gamba was formerly a director of Solimar Energy Limited ("**Solimar**") from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

Michael Hibberd was a director of Skope Energy Inc. (a Toronto Stock Exchange (“TSX”) listed oil and gas company), which commenced proceedings in the Court of Queen’s Bench of Alberta under the *Companies’ Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed on February 19, 2013. Mr. Hibberd was a director of Montana Exploration Corp. at the time that an order was issued to suspend trading until the 2017 year end financial statements and MD&A were filed and compliance with TSX Venture Exchange requirements was confirmed. The order was issued by the Alberta Securities Commission on May 4, 2018. Mr. Hibberd is a non-executive Vice-Chairman of Sunshine Oil Sands Ltd. (“**Sunshine**”). On October 9, 2020, the Alberta Securities Commission issued an order for Sunshine to re-file its 2019 audited financial statements with an un-modified auditor’s opinion. The order prevents insiders and control block persons from trading Sunshine shares on the Hong Kong Stock Exchange until revoked.

3. Appointment of Auditors

Unless otherwise directed, it is management’s intention to vote the proxies in favour of an ordinary resolution to appoint the firm of KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP was appointed auditor of the Corporation effective October 4, 2019 by the Board.

The table below shows fees billed by KPMG LLP for the fiscal year ended December 31 2021:

Audit fees⁽¹⁾	\$699,495
Audit related fees⁽²⁾	\$101,650
Tax fees⁽³⁾	-
All other fees⁽⁴⁾	-
Total	\$801,145
Non-Audit Fees as a Percentage of Audit Fees	0%

Notes:

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
- (4) All other fees include fees for products and services provided by the auditor, other than the services reported above.

4. Re-Approval of the Omnibus Long-Term Incentive Plan

At the Meeting, shareholders will be asked to re-approve the adoption of the Corporation’s omnibus long term incentive plan (the “**Omnibus Plan**”) and pass the ordinary resolution set forth below. The complete text of the Omnibus Plan is set out in Schedule A to this Circular and a summary of its material terms is provided below. The Omnibus Plan was initially approved by the Board on May 17, 2021 and approved by the shareholders of the Corporation at the Corporation’s annual general and special meeting of shareholders held on June 28, 2021; however, the Board only approved the Omnibus Plan until the date of the Corporation’s next annual general meeting of shareholders as it was still assessing and expanding on the Corporation’s long-term incentive program. The Board re-approved the Omnibus Plan on May 11, 2022.

The Omnibus Plan allows for a variety of equity based awards that provide different types of incentives to be granted to certain of Canacol’s officers, directors, employees and consultants (in the case of Options, RSUs and PSUs) and to Eligible Directors (as defined in the Omnibus Plan) (in the case of DSUs). Options, RSUs, PSUs and DSUs are collectively referred to herein as “**Awards**”. The following discussion is qualified in its entirety by the text of the Omnibus Plan.

Under the terms of the Omnibus Plan, the Board, or if the Board by resolution so decides, a committee of the Board and/or any member of the Board, may grant Awards to eligible participants, as applicable. Participation in the Omnibus Plan is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than a transfer or assignment to a RRIF, RRSP or TFSA, of which the participant is and remains the annuitant, or to a corporation, of which the participant is and remains the sole shareholder, or a transfer or assignment in the event of the death of a participant.

The Omnibus Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change of the Common Shares, share split or consolidation, distribution, merger or amalgamation, in the Common Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the Omnibus Plan.

The maximum number of Common Shares reserved for issuance, in the aggregate, under the Omnibus Plan or pursuant to awards under any other established share compensation arrangement, will not exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time. As at May 13, 2022, the Corporation had Options to potentially acquire 8,180,207 Common Shares outstanding (representing approximately 4.8% of the outstanding Common Shares), RSUs to potentially acquire 2,211,351 Common Shares outstanding (representing approximately 1.3% of the outstanding Common Shares), PSUs to potentially acquire 991,806 Common Shares outstanding (representing approximately 0.6% of the outstanding Common Shares) and DSUs to potentially acquire 142,935 Common Shares outstanding (representing approximately 0.1% of the outstanding Common Shares), leaving up to 5,559,594 Common Shares to be issued from treasury available for future grants under the Omnibus Plan and all other security based compensation arrangements (representing approximately 3.3% of the current number of Common Shares issued and outstanding).

For the purposes of calculating the maximum number of Common Shares reserved for issuance under the Omnibus Plan, any issuance from treasury by the Corporation that is issued in reliance upon an exemption under applicable stock exchange rules applicable to share compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an insider of the Corporation shall not be included. All of the Common Shares covered by the exercised, cancelled or terminated Awards will automatically become available Common Shares for the purposes of Awards that may be subsequently granted under the Omnibus Plan. As a result, the Omnibus Plan is considered an “evergreen” plan.

The maximum number of Common Shares that may be: (a) issued to insiders of the Corporation within any one-year period, and (b) issuable to insiders of the Corporation at any time, in each case, under the Omnibus Plan alone, or when combined with all of the Corporation's other security-based compensation arrangements, cannot exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time determined on a non-diluted basis.

No more than 1% of the total issued and outstanding Common Shares (on a non-diluted basis) from time to time shall be reserved and available for grant and issuance pursuant to Awards to Eligible Directors. The aggregate equity value of DSUs that are eligible to be settled in Common Shares granted to an Eligible Director, within a one-year period, pursuant to all security-based compensation arrangements of the Corporation shall not exceed \$150,000 and the aggregate equity value of Options that can be granted to an Eligible Director, within a one-year period, pursuant to all share compensation arrangements of the Corporation shall not exceed \$100,000.

An Option entitles the participant to acquire Common Shares from treasury and shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate no later than five years after the date of the granting of the Option or such shorter period as the Board may determine. The minimum exercise price of an Option will not be less than the closing price of the Common Shares on the TSX on the last trading day before the date such Option is granted. The Omnibus Plan will provide that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the Omnibus Plan has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted “cashless exercise” or a “net exercise” subject to the procedures set out in the Omnibus Plan, including the consent of the Board, where required. If a participant elects to exercise Options under the “net exercise” procedures, the participant can elect to receive cash or a number of Common Shares equal to (a) the number of Common Shares underlying the Options multiplied by (b) the market value of the Common Shares at such date less the exercise price of such Options, (c) divided by the market value of the Common Shares at such date, subject to acceptance by the Board and provided that satisfactory arrangements have been made to pay any applicable withholding taxes.

RSUs, PSUs and DSUs are substantially like “phantom” shares, the implied value of which will rise and fall in value based on the fair market value of the Common Shares and are redeemable, at the discretion of the Corporation, for cash, Common Shares from treasury or Common Shares purchased on the open market. The fair market value of the Common Shares, on a particular date, is determined based on the closing price for the Common Shares on the TSX for the trading day on which the Common Shares traded immediately preceding such date. The terms and conditions of grants of RSUs, PSUs and DSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards, will be set out in the participant’s grant agreement.

For each PSU awarded under the Omnibus Plan, the Board establishes (a) the applicable performance criteria and other vesting conditions, and (b) the period of time in which such performance criteria and other vesting conditions must be met, in order for a participant to be entitled to receive Common Shares in exchange for his or her PSUs. Subject to the provisions of any award agreement and the provisions of the Omnibus Plan, all vested RSUs and PSUs will be settled as soon as practicable following the date on which the Board determines that the performance criteria and/or other vesting conditions with respect to the RSU and/or PSU have been met, but in all cases RSUs and PSUs will be settled prior to (a) three years following the date of grant of the RSU or PSU, if settled by payment of cash equivalent or through purchases by the Corporation on the participant’s behalf on the open market, or (b) five years following the date of grant of the RSU or PSU, if the RSU or PSU will be settled by the issuance of Common Shares from treasury.

Eligible Directors may receive all or a portion of their compensation in the form of a grant of DSUs in each fiscal year. The number of DSUs will be calculated as the amount of the Eligible Director’s compensation elected to be paid in DSUs divided by the market value (as defined in the Omnibus Plan). Each Eligible Director will be entitled to redeem his or her DSUs during the period commencing on the business day immediately following his or her termination date and ending on the date that is not later than the 90th day following such termination date, or such shorter redemption period as set out in the relevant DSU agreement.

The following table describes the impact of certain events upon the rights of holders of Awards under the Omnibus Plan, including termination for cause, resignation, retirement, termination other than for cause, and death or disability, subject to the terms of a participant’s employment agreement, award agreement and the change of control provisions described below:

Event	Provisions
Termination for cause	Immediate forfeiture and termination of all vested and unvested Awards.
Resignation, retirement and termination other than for cause	<i>Options:</i> Forfeiture and termination of all unvested Options and all vested Options shall expire on the earlier of 90 days after the effective date of such resignation, retirement and termination or the expiry date of such Option or such longer period as the Board may determine in its sole discretion. <i>RSUs, PSUs and DSUs:</i> All vested RSUs, PSUs or DSUs granted shall be paid out in accordance with their terms and all unvested RSUs, PSUs or DSUs will terminate on the effective date of such resignation, retirement or termination or such longer period as the Board may determine in its sole discretion.
Death or disability	<i>Options:</i> All unexercised unvested Options will be deemed to have vested immediately on the effective date of such death or disability and all Options shall expire on the earlier of 12 months after the effective date of such death or disability, or the expiry date of such Option or such longer period as the Board may determine in its sole discretion. <i>RSUs, PSUs and DSUs:</i> All unvested RSUs, PSUs or DSUs will be deemed to have vested immediately on the effective date of such death or disability and all RSUs, PSUs or DSUs shall be paid out in accordance with their terms.

Pursuant to the Omnibus Plan, when dividends (other than stock dividends) are paid on Common Shares, participants will receive additional DSUs, RSUs and/or PSUs ("**Dividend Share Units**"), as applicable, as of the dividend payment date. The number of Dividend Share Units to be granted to a participant will be determined by multiplying the aggregate number of DSUs, RSUs and/or PSUs, as applicable, held by the participant on the relevant record date by the amount of the dividend paid by the Corporation on each Common Share, and dividing the result by the market value (as defined in the Omnibus Plan) on the dividend payment date. Any Dividend Share Units granted to a participant will be subject to the same vesting conditions and settlement terms as applicable to the related DSUs, RSUs and/or PSUs in accordance with the applicable award agreement.

In connection with a change of control of the Corporation, the Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that the Board may accelerate the vesting of Awards if: (a) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Corporation); or (b) the Corporation has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised immediately before the effective time of such transaction or terminated on or after the effective time of such transaction.

The Board may, in its sole discretion, suspend or terminate the Omnibus Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the Omnibus Plan or of any securities granted under the Omnibus Plan and any grant agreement relating thereto, subject to any required regulatory, TSX and shareholder approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Plan or as required by applicable laws.

The Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Omnibus Plan or any securities granted under the Omnibus Plan, provided such change does not require the approval of shareholders under the Omnibus Plan, which may include but are not limited to:

- any amendment to the vesting provisions of the Omnibus Plan and any Award granted under the Omnibus Plan;
- any amendment regarding the provisions governing the effect of termination of a participant's employment, contract or office;
- any amendment which accelerates the date on which any Award may be exercised under the Omnibus Plan;
- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Omnibus Plan, correct or supplement any provision of the Omnibus Plan that is inconsistent with any other provision of the Omnibus Plan, correct any grammatical or typographical errors or amend the definitions in the Omnibus Plan;
- any amendment regarding the administration of the Omnibus Plan; and
- any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX or any other stock exchange upon which the Corporation has applied to list its Common Shares.

Notwithstanding the foregoing, shareholder approval is required for the following amendments to the Omnibus Plan:

- any increase the maximum number of Common Shares issuable under the Omnibus Plan, other than an adjustment pursuant to a change in capitalization;
- any reduction in the exercise price of an Award including cancellation and reissuance of an Award, except in the case of an adjustment pursuant to a change in capitalization;
- any extension of the expiration date of an Award, except in the case of an extension due to black-out period;
- any amendment to remove or exceed the insider participation limits;
- any amendment to remove or exceed the Eligible Director participation limits;
- any amendment to the transfer provisions of the Awards; or
- any amendment to the amendment provisions of the Omnibus Plan.

The above summary is qualified in its entirety by the full text of the Omnibus Plan, which is set out in Schedule A to this Circular. The Board encourages shareholders to read the full text of the Omnibus Plan before voting on this resolution. The Board and management of the Corporation recommend the re-approval of the adoption of the Omnibus Plan.

At the Meeting, shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution substantially in the form set forth below:

“BE IT RESOLVED THAT, as an ordinary resolution of the Corporation that:

1. the adoption of the omnibus long term incentive plan (the **“Omnibus Plan”**) as described in the management information circular of the Corporation dated May 13, 2022 is hereby approved, ratified and confirmed;
2. the maximum number of Common Shares which may be issued under the Omnibus Plan and all other Share Compensation Arrangements (as defined in the Omnibus Plan) of the Corporation shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time on a non-diluted basis;
3. the Corporation has the ability to grant and to continue granting restricted share units, performance share units, deferred share units and stock options under the Omnibus Plan until June 24, 2025, being the date that is three years from the date of the meeting of shareholders of the Corporation at which shareholder approval is being sought; and
4. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing resolution.”

Unless otherwise directed, it is management’s intention to vote the proxies in favour of the foregoing resolution. In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting on such resolution.

INFORMATION CONCERNING THE CORPORATION

Voting Securities and Principal Holders Thereof

As at May 13, 2022, there were 170,858,922 Common Shares issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if there are not less than two persons present at the Meeting holding or representing by proxy not less than 5% of the shares entitled to be voted at the Meeting. The Board has fixed the Record Date for the Meeting at the close of business on May 13, 2022.

To the knowledge of the directors and executive officers of the Corporation, as at May 13, 2022, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation other than as set forth below:

Name	Number of Common Shares ⁽¹⁾	Percent of Outstanding Common Shares ⁽²⁾
Fourth Sail Capital, LP	34,949,868	20%
Cavengas Holdings S.R.L.	32,613,072	19%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 170,858,922 Common Shares issued and outstanding as at May 13, 2022.

Leadership Team

Canacol's executive leadership team comprises accomplished industry and financial professionals who are dedicated to building the largest independent natural gas exploration and production company in Colombia. Below are the biographies of the current executive officers of the Corporation.

CHARLE GAMBA President and Chief Executive Officer

Please refer to Mr. Gamba's biography under the heading "*MATTERS TO BE ACTED UPON AT THE MEETING – Election of Directors*".

JASON BEDNAR Chief Financial Officer

Mr. Bednar is a Chartered Professional Accountant with more than 25 years of direct professional experience in the financial and regulatory management of oil and gas companies listed on the TSX, TSX Venture Exchange, American Stock Exchange and Australia Stock Exchange. In 2008, he was a founding director and Chair of the Audit Committee of Canacol and in 2015 he resigned from this position to become Canacol's CFO. Mr. Bednar has been the CFO of several international oil and gas exploration and production companies, most notably the founding CFO of Pan Orient Energy Corp., a Southeast Asian exploration company. He has previously sat on the board of directors of several internationally focused exploration and production companies. Mr. Bednar holds a Bachelor of Commerce degree from the University of Saskatchewan.

RAVI SHARMA Chief Operating Officer

Mr. Sharma has 30 years of oil and natural gas experience in the Americas, the Middle East, Russia, Australasia, and Africa. He has held senior management roles at major exploration and production companies worldwide. He was Head of Production & Operations with Afren Plc., Global Petroleum Engineering Manager for BHP Billiton Petroleum and Worldwide Chief Reservoir Engineer for Occidental Oil & Gas Company. Mr. Sharma holds a B.Sc. and M.Sc. in Mechanical Engineering from the University of Alberta.

MARK TEARE Senior Vice President of Exploration

Mr. Teare has 35 years of experience with international Canadian energy companies in Brazil, Ecuador, Colombia, Argentina, Australia, and Canada. Over the nine-year period prior to joining Canacol, Mr. Teare held a series of senior management roles at EnCana Corporation including Country Lead for Brazil, and Vice President of Exploration and Joint Ventures in Ecuador. Mr. Teare also held a variety of lead technical roles at Alberta Energy Company in Australia, and Home Oil Company in Argentina and Canada. Mr. Teare holds a M.Sc. in Geology from McGill University.

TRACY WHITMORE

Vice President Tax and Corporate Affairs

Ms. Whitmore joined Canacol in 2013 as Director of Taxation and was appointed Vice President of Taxation and Corporate Affairs in April 2019. Ms. Whitmore has over 25 years of experience in international tax planning, consulting, and corporate governance. Prior to joining Canacol, she worked for Hemisphere GPS, a U.S. based technology company and at PricewaterhouseCoopers as a Senior Manager in the International Tax Services Group helping clients with cross-border reorganizations, offshore financing and international acquisitions mainly in the energy industry. Ms. Whitmore is a Chartered Professional Accountant and holds an Honors in Business Administration degree from the Ivey Business School.

ANTHONY ZAIDI

General Counsel and Vice President of Business Development

Mr. Zaidi is a lawyer and businessman with significant experience in corporate finance and in the mining and energy sector in Colombia. Prior to joining Canacol, Mr. Zaidi was the President and General Counsel of Carrao Energy Ltd., a private oil and gas exploration company he co-founded and co-managed until its acquisition by Canacol in November 2011. Prior to Carrao Energy Ltd., he had been an officer or director of several private and public companies, including Integral Oil Services, Pacific Rubiales Energy, Petromagdalena Energy, Medoro Resources and others, as well as a securities lawyer at Blake, Cassels & Graydon LLP. Mr. Zaidi is also currently a director of Arrow Exploration Corp. Mr. Zaidi holds a Juris Doctor degree from the University of Toronto as well as a Bachelor of Commerce (Finance) degree from McGill University.

CAROLINA OROZCO

Vice President Investor Relations and Communications

Ms. Orozco joined Canacol in 2010. She has over 17 years of experience in both investors relations and banking. Prior to joining Canacol, she worked at Citibank in corporate banking covering the infrastructure and pharmaceutical sector, and in wealth management as a financial and investment advisor where she leveraged her learnings at Tolhurst Noall an equity research and brokerage firm based in Australia. Ms. Orozco holds a B.Sc. in Applied Finance from McQuarie University.

AURORA JUAN

Vice President of Development

Ms. Juan joined Canacol in 2010. She has over 20 years experience in the energy industry in Canada, Colombia, Ecuador and France. Prior to joining Canacol she held senior reservoir engineering roles at Vermilion Energy, Acclaim Energy, EnCana and PanCanadian Petroleum. Ms. Juan is a Professional Engineer in the Province of Alberta and holds a B.Sc. in Chemical Engineering with a Petroleum Minor from the University of Calgary.

THOMAS LUTZ

President Canacol Energy Colombia

Mr. Lutz joined Canacol in August 2016. He is a petroleum engineer with 36 years of oil and gas experience in the Americas and the Middle East. He has held progressively senior management roles at major exploration and production companies worldwide, most recently Operations Director Marcellus & Utica with Statoil ASA. Prior to this, Mr. Lutz was Director Operations Planning & Analysis for Occidental Petroleum. Mr. Lutz also held the positions of Asset Manager for the La Cira Infantas redevelopment and Operations Vice President for Cravo Norte concession for Occidental in Colombia. Mr. Lutz holds a B.Sc. in Petroleum Engineering from Stanford and an MBA from Pepperdine University.

Corporate Governance

The Board and management are committed to high standards of ethical conduct and corporate governance. Canacol's corporate governance practices and policies comply with the CSA's corporate governance guidelines, as well as the CSA's rules relating to audit committees and certification of financial information. Canacol's approach to corporate governance is developed by the Governance and Nominating Committee, with the Board having final approval of Canacol's governance program.

BOARD AND GOVERNANCE HIGHLIGHTS

Board Composition and Policies

- 🔥 Independent directors (six or 75%)
- 🔥 Every Board meeting provides for an in-camera session
- 🔥 Director orientation and continuing education
- 🔥 Annual Formal Board evaluation process by external consultant
- 🔥 Majority Voting Policy
- 🔥 Director Retirement Policy
- 🔥 All directors have 90% or greater in Board meeting and applicable committee meeting attendance
- 🔥 Share Ownership Policy for directors

Shareholder Rights

- 🔥 Annual election of directors
- 🔥 Directors elected individual (not by slate)

Environmental, Social and Governance

- 🔥 Formal director and management ESG training program
- 🔥 Stakeholder, community and employee engagement
- 🔥 Adoption of best practices in all areas of human rights, ethics, integrity and transparency
- 🔥 Separate ESG Board committee with full ESG oversight

Governance

- 🔥 Fully independent Audit and Governance and Nominating Committees
- 🔥 Mandatory Security Awareness Training for all employees
- 🔥 Separate Board Chair and Chief Executive Officer
- 🔥 Chief Executive Officer evaluation and succession planning
- 🔥 Commitment to diversity, equity and inclusion
- 🔥 Code of Ethics and Business Conduct Policy
- 🔥 Human Rights Policy
- 🔥 Whistleblower Policy
- 🔥 Anti-Corruption Policy

🔥 Insider Trading Policy

🔥 Anti-hedging Policy

Compensation

🔥 PSUs with identified performance metrics

🔥 Solicit feedback from third party consultants

🔥 Executive incentive compensation Clawback Policy

🔥 Share Ownership Policy for executive officers

🔥 Formal bonus plan based on specific targets

Please refer to Schedule B hereto for more detail on the Corporation's corporate governance practices, policies and highlights.

Diversity

Canacol believes in the importance of diversity within its Board and at all levels of the organization. Canacol recognizes the benefits of bringing together individuals from a variety of backgrounds and perspectives be it culture, age, knowledge, experience, gender, or geographic region among others and as such strives to identify and nominate board candidates that will represent such differences without compromising the skillset and experience needed for an effective Board. Currently, Canacol does not have a formal policy or quota concerning gender diversity, however, the Corporation recognizes the importance of women representation on the Board and is actively looking for women Board candidates as part of a formal search process.

Environmental, Social and Governance

Canacol is committed to explore and produce the natural gas needed to improve the quality of life for millions of Colombians in a safe, efficient, and cost-effective way. In line with this commitment, in 2021 the Corporation developed a six-year ESG strategy to properly identify emerging risks and build resilience while capitalizing on opportunities for long-term value creation. The strategy embraces four priorities:

- **A cleaner energy future:** deliver natural gas under the highest environmental and operational efficiency standards.
- **A safe and committed team:** maintain best-in-class health and safety practices and promote a diverse and inclusive culture.
- **A transparent and ethical business:** adopt the best practices, encourage respect for human rights, and ensure ethics and integrity in everything Canacol does.
- **A society guided by sustainable development:** promote and maintain close and transparent relationships that guarantee Canacol's nearby communities' growth and quality of life.

ESG Oversight

Sustainability is a continuous evolution in which Canacol aims to meet the needs of society today without compromising the needs of future generations. In order to manage the risks and to identify opportunities, the Corporation established the ESG Committee to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's climate management, cybersecurity commitment, and social initiatives. Consistent with this function, the ESG Committee serves as an independent party to monitor the integrity and fulfillment of Canacol's ESG strategy. In 2021, the Corporation performed a detailed review and update of its ESG policies, procedures, and management systems including an Health, Safety, Environment and Quality (HSEQ) Policy, Human Rights Commitment and Due Diligence, as well as a Cybersecurity Statement.

2021 ESG Highlights

The Corporation achieved 100% of its 2021 ESG goals, as further described below.



A cleaner energy future

- The Corporation established 10 conservation agreements and seven communities' environmental projects with local stakeholders, to strengthen the protection of biodiversity in Córdoba and Sucre departments.
- The Corporation created a management committee to define and implement a low carbon strategy that includes reduction and compensation initiatives for the following 20 years.
- No water stress areas were identified in regions where the Corporation operated.
- The Corporation continuously evaluated and coordinated electric loads to significantly improve energy and carbon emissions efficiency. Most of the energy used for Canacol's operations comes from self-produced natural gas.



A safe and committed team

- Canacol's Lost Time Injury Frequency Rate (LTIFR: 0.9) for employees and contractors was 72% better than the target (3.16).
- The Corporation's most recent efforts focused on increasing diversity and inclusiveness in the work environment including: (1) the establishment of a Diversity and Inclusion Corporate Policy and Committee; (2) the launch of a Diversity and Inclusion online course; and (3) the implementation of a Gender Equality Management System to identify and eliminate gender gaps.
- Canacol, set the pace, with women making up 35% of the workforce, +8% better than Colombia's female average workforce in the petroleum industry.



A transparent and ethical business

- During 2021, Canacol had no human rights violations and developed a due diligence process to proactively identify and assess potential impacts and risks relating to human rights.
- The Corporation had zero reported cases of corruption and no reports of breaches of its Code of Conduct and Ethics.
- Canacol updated its group-wide ethics and compliance system including anti-competitive practices.
- The Corporation created a Director Retirement Policy.
- The Board approved a Majority Voting Policy in director elections that will apply at any meeting of Shareholders where an uncontested election of directors is held.
- Canacol created an Information Security Management System based on the ISO 27001 to guarantee the protection of its information. The Corporation has zero-tolerance for any form of illegal behavior relating to the Corporation's information and data security.
- The Corporation adopted a formal Board evaluation process conducted by external consultants to perform an assessment of the Board, its committees, and individual Board members every 12 months.



A society guided by sustainable development

- Canacol created opportunities through local employment and development by going above and beyond regulatory requirements. 60% of Canacol's skilled labor and 100% of Canacol's unskilled labor were hired locally. Canacol purchased 95.1% of all goods and services locally, regionally, and nationally, representing an economic stimulus of \$151 million.
- The Corporation designed a supplier code of conduct which includes the basic commitments Canacol requires from its suppliers and contractors, including environmental standards, human rights, working conditions, business ethics, among others.
- Canacol implemented more than 60 social projects that have benefited over 25,000 community members across 13 municipalities. The Corporation executed the second phase of its gas massification project, which has already benefited 1,200 people.
- Canacol respects and preserves the cultural heritage of the communities in our operational areas. Canacol uses tools such as LIDAR, ground penetrating radar, magnetometry and test hole digging to identify and avoid disturbing areas of potential archeological interest and certify the same with Colombia's ICANH (Instituto Colombiano de Antropología e Historia) as part of its regulatory approval and pre-work socialization processes.

ESG Ratings Performance

A year after the implementation of Canacol's six-year ESG strategy, the Corporation significantly improved the ratings prioritized by its stakeholders. This highlights Canacol's exceptional performance in compliance with its ESG strategy, corporate objectives, and proposed sustainability goals.



MSCI ESG Rating: Canacol upgraded to 'BBB' from 'BB', increasing its performance, management, and practices score (September 2021).



Now a Part of **S&P Global**

Corporate Sustainability Assessment: Year-over-year improvement with a strong performance in environmental and social dimensions, achieving an increase of 5 points to a score of 62 (November 2021).



Refinitiv: The Corporation upgraded its score from B (60.38) to A- (76.55) based on pillars of environmental (emissions and resources use), social (workforce, human rights, and community scores) and governance (management and shareholder scores). Canacol obtained the best score in the O&G industry in Colombia (November 2021).



ISS ESG Corporate Rating: Canacol received its first definitive score in the ISS ESG Corporate Rating scoring a respectable C+ in 2021 (June 2021).



CDP Climate Change: B- score for the Corporation's effort to fight climate change. Canacol is rated the best O&G company in Colombia (June 2021).

2022 ESG Outlook

The Corporation plans to announce its short and medium-term carbon emission reduction targets prior to the end of 2022, with a projected timeline for achieving net-zero emissions. In the meantime, Canacol will continue to achieve scope 1 and 2 greenhouse gas ("GHG") emission intensities that are at least 40% lower on average than its gas focused peers (and 90% lower on average than oil focused peers) in North and South America.

Canacol's 2022 initiatives to continue the reduction of GHG emissions intensity include:

- Continued progress transitioning from liquid fuels for power generation, internal combustion engine transportation, and rig prime movers by replacing them with natural gas and renewable energy sources including solar.
- Continued monitoring and elimination of fugitive emissions and venting with an ambition to maintain the significant milestone achieved in 2021, where zero potential leaks were identified with periodic thermal imaging and onsite inspections.

Other relevant ESG targets for 2022 include: (1) 5% improvement in the annual goals set for health and safety performance; (2) achieve the Equipares Silver certification issued by the Colombian Ministry of Labor in collaboration with the United Nations Development Program, supporting the Corporation's commitment to promote gender equality; and (3) strengthen ESG commitments within the Corporation's supply chain by increasing requirements for suppliers and contractors to comply with Canacol's enhanced ESG standards.

Director Retirement Policy

The Corporation's Director Retirement Policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Corporation to the Chairman of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of shareholders of the Corporation. The Board will consider

such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant.

Share Ownership Policy

Canacol's executive and directors are required to maintain a significant equity investment in the Corporation to align their interests with those of its shareholders and to mitigate the likelihood of undue risk-taking. As such, the Board adopted a mandatory equity ownership policy for executive officers and non-executive directors. Executive officers are required to acquire and hold Common Shares with a minimum aggregate market value of two times their base annual salary. Non-executive directors are required to acquire and hold Common Shares and DSUs with a minimum aggregate market value of two times their base annual retainer. Determinations of the value of Common Shares owned is based on the trading price of the Common Shares on the TSX. In the event that the market value of Common Shares owned by an executive officer or a non-executive director falls below the original purchase price actually paid by the executive officer or non-executive director for such Common Shares, the original purchase price may be used when calculating the executive officer or non-executive director's Common Share ownership. The executive officers and non-executive directors have a period of four years from the date of the implementation of the policy on May 1, 2021, or from the date of their appointment as an executive officer or non-executive director of the Corporation, as applicable, whichever is later, to acquire the value of Common Shares and DSUs required.

This policy is applicable to all executive officers and to all non-executive directors unless in the case of non-executive directors, their terms of employment elsewhere prevent them from acquiring shares of a public corporation.

Board Assessments

The Governance and Nominating Committee, in conjunction with the Chairman of the Board, is responsible for evaluating the Board, the individual directors and the committees to identify areas where effectiveness may be enhanced. Each Board member is required to complete, on an annual basis, an interview with either the Chairman of the Board or the Chairman of the Governance and Nominating Committee related to the performance of the Board, its committees and the members thereof. In addition, an external consultant is engaged to perform an independent formal evaluation, with the most recent evaluation completed in May 2022.

Succession Planning

The Board is responsible for the stewardship of the Corporation with oversight in several key areas, including succession planning. Succession planning is a regular topic of discussion at Board meetings as the Board has a responsibility to be prepared for a change in leadership, be it planned or unplanned, to ensure the stability and accountability of the Corporation. In 2021, succession planning for senior officers was regularly discussed with the Chief Executive Officer and the Board summarizing details of the development of individual executives. The Board re-confirmed the Corporation's Succession Plan in March 2022.

Information Technology Security

Canacol prioritizes the security of its data, systems, and processes with a proactive approach incorporating real-time threat detection as well as vulnerability assessments, internal audit tools, and technology to prevent Malware / Ransomware / Phishing and similar attacks. Canacol's practices are aligned with ISO IEX 27001 standards, and it is anticipated that this certification will be completed in the second half of 2022.

In response to trends of increasing frequency and sophistication of attacks, the Corporation's Security Awareness Program has evolved to include quarterly general training as well as specific modules for positions or processes considered to be at elevated risk. Periodic ethical hacking tests of systems and individuals are done with follow-up on identified susceptibilities. The Corporation also works together with its suppliers to ensure that Canacol's information security practices are robust and coordinated.

The Audit Committee oversees IT security and as such receives regular updates on security matters from management including a formal discussion every quarter.

In addition, Canacol is currently working with the Corporation's insurance broker to obtain a Cyber Insurance Policy.

Statement of Executive Compensation

This discussion describes the Corporation's compensation philosophy, governance practices, compensation improvement and Named Executive Officer's (as defined herein) compensation for the year ended December 31, 2021.

The Named Executive Officers for the year ended December 31, 2021 were:

	Mr. Charle Gamba President and Chief Executive Officer
	Mr. Jason Bednar Chief Financial Officer
	Mr. Ravi Sharma Chief Operating Officer
	Mr. Mark Teare Senior Vice President, Exploration
	Mr. Anthony Zaidi General Counsel and Vice President of Business Development

2021 COMPENSATION PROGRAM IMPROVEMENTS

- 🔥 Formalization of short-term incentive program to include key performance metrics and corporate goals
- 🔥 Formalization of long-term incentive program to include key performance metrics and corporate goals
- 🔥 Inclusion of ESG performance metrics in both short-term and long-term compensation plans
- 🔥 Completion of comprehensive executive compensation review to ensure alignment with corporate strategy and shareholder expectations

Role and Composition of the Compensation Committee

The Corporation's executive compensation program is administered by the Compensation Committee of the Board. The Compensation Committee's mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors, including the Named Executive Officers. The Compensation Committee is presently comprised of David Winter (Chair), Michael Hibberd, Ariel Merenstein and Juan Argento. Each of these directors are "independent" for the purposes of NI 58-101, with the exception of Juan Argento. The relevant education and experience of each member of the Compensation Committee that enables such member to make decisions on the suitability of the Corporation's compensation policies and practice is set forth under the heading "*MATTERS TO BE ACTED UPON AT THE MEETING – Election of Directors*". See Schedule B hereto for a description of the responsibilities, powers and operation of the Compensation Committee.

Compensation Discussion and Analysis

Executive Compensation Principles and Philosophy

The Corporation's compensation program supports the Corporation's commitment to delivering strong performance for its shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people, which is critical to the success of the Corporation. It is also designed to motivate their performance in order to achieve the Corporation's strategic objectives, to align the interests of executive officers and other employees with the long-term interests of the Corporation's shareholders and to enhance share value.

The Corporation's executive compensation program is comprised of the following components: (a) base salary; (b) short-term incentive compensation comprised of cash bonuses; and (c) long-term incentive compensation comprised of RSUs and PSUs. Together, these components support the Corporation's long-term growth strategy and are designed to address the following key objectives of the Corporation's compensation program:

- 🔥 align executive compensation with shareholders' interests;
- 🔥 attract and retain highly qualified management;
- 🔥 focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- 🔥 encourage retention of key executives for leadership succession.

Compensation Review Process

When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Compensation Committee review the compensation practices of various companies. The Corporation selected 12 companies in its peer group, including Colombian producers Gran Tierra Energy Inc., Parex Resources Inc., Frontera Energy Corporation and GeoPark Ltd. The Corporation believes the aforementioned peer group list is comprised of companies that have similar characteristics in common with Canacol and that would compete for similar executive talent and, as such, provides a good basis for assessing the competitiveness of the Corporation's compensation. Given the nature of the oil and gas industry, the companies reviewed for comparison purposes to the Corporation changes from time to time as companies are acquired and new companies become publicly traded.

In arriving at recommendations for executive compensation, including the assessment of the competitiveness of the Corporation's compensation practices, compensation information reviewed includes that available in the public domain, through private conversation during the competitive hiring process of new executives, and from widely available compensation surveys and studies. In addition, the Compensation Committee used analysis and recommendations from an external consultant with respect to the compensation and compensation procedures for the executive officers and directors, having regard to peer group data from similar companies, including performing a peer group review as well as performing certain compensation benchmarking.

In arriving at base salaries, short-term incentives in the form of cash bonuses, and the grant of Awards for employees, including executive officers of the Corporation, other than the President and Chief Executive Officer, the President and Chief Executive Officer of the Corporation makes recommendations to the Compensation Committee based on all the factors described above as well as the achievement of specific performance targets. Upon the receipt of the recommendations, the Compensation Committee reviews the recommendations and will request the compensation data compiled by the Corporation to determine whether to accept the recommendations or make any changes. The Compensation Committee will then make a recommendation to the Board for consideration and approval.

The Compensation Committee determines its recommendation to the Board with respect to the compensation of the President and Chief Executive Officer in consultation with the other independent directors.

2021 Corporate Performance Goals

Each year the Board approves specific corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2021 were approved in early 2021 for each of the performance areas.

The table below is a summary of the key performance goals for 2021:

	Weighting	Threshold	Target	High	Result	Threshold	Target	High	Payout Level
Operational									
Gross 2P Reserve Additions (BCF)	10-40%	66	83	100	35	50	100	150	0%
Financial									
EBITDA (\$M)	10-40%	149	180	210	196	50	100	150	125%
ESG									
Sustainability Score	10-20%	58	60	62	62	50	100	150	150%
Strategic									
Productive Capacity (mmscf/d)	0-20%	207	230	253	231	50	100	150	100%
General and Administrative (\$M)	0-10%	32	30	28	29.5	50	100	150	113%
Financing	0-30%		Discretionary			50	100	150	125%
M&A/Growth	0-30%		Discretionary			50	100	150	50%

Elements of Canacol's Executive Compensation Program

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. In setting base compensation levels for executive officers, consideration is given to objective factors such as level of responsibility, experience, and expertise as well as subjective factors such as leadership.

Short Term Incentive Compensation – Cash Bonuses

As the Corporation's compensation philosophy is intended to align executive compensation with the interests of its shareholders, the Corporation has designed its compensation program whereby a significant element of each executive's compensation is tied to corporate performance. The Corporation's bonus plan enables executives the opportunity to earn cash bonuses where achievement of key performance measures has been attained.

The corporate performance goals set forth in the table above were used by the Compensation Committee and the Board to determine annual bonus targets for each of the Named Executive Officers as well as to evaluate 2021 performance and distribute cash bonuses accordingly. The goals are weighted differently for each Named Executive Officer depending on their area of responsibility and expertise and the cash bonuses are paid within a range of 50% to 150% of the Named Executive Officer's target depending on performance and provided the threshold is achieved. In certain circumstances the Board has discretion for approval of higher or lower bonuses where warranted.

Long Term Incentive Compensation – Awards

The Corporation's long-term incentive program is also designed to align the interests of the executives with those of its shareholders. In 2021, these incentives consisted of two share-based compensation components: RSUs and PSUs. The long-term incentive award value for each Named Executive Officer is dependent on the officer's role, experience, performance, and peer market data. In prior years, the long-term incentive program also had an Option component; however, the Corporation made the decision to discontinue the granting of new Options as part of compensation and

instead to focus on RSUs and PSUs as the share-based compensation components for executive officers. Outstanding Options will continue to vest based on their original grant terms.

PSUs, RSUs (and Options) are granted under the Omnibus Plan to directors, executive officers, employees, consultants and other service providers of the Corporation and are intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the Omnibus Plan rewards overall corporate performance, as measured through the price of shares in the Corporation. In addition, the Omnibus Plan enables executives to develop and maintain a significant ownership position in the Corporation. See also *"MATTERS TO BE ACTED UPON AT THE MEETING — Re-Approval of the Omnibus Long-Term Incentive Plan"*.

Performance Share Units

PSUs align pay with corporate performance over the long-term. The Corporation implemented the PSU program in conjunction with the approval of the Omnibus Plan by the shareholders at the 2021 Annual General and Special Meeting. The PSUs are based on specific metrics and performance measures as defined and approved by the Board. The 2021 PSUs have a vesting date of May 1, 2023, while all future PSUs will have a three-year vesting period. The PSU program provides a performance multiplier on the base grant of 0.25 to 1.75 times, depending on the achievement of the targets.

Restricted Share Units

RSUs enhance executive and shareholder alignment over time. RSUs are full value notional grants that track the Common Share price over the vesting period. The 2021 executive RSUs vest in thirds every six months over an eighteen-month period from the date of grant with subsequent RSUs vesting bi-annually over a two-year period.

Employment Agreements

As described under *"Termination and Change of Control Benefits"*, the Corporation has entered into employment agreements with various executive officers of the Corporation, including each of the Named Executive Officers. The employment agreements were entered into to ensure continuity of management and in consideration for the mutual covenants and agreements contained in the agreements.

Clawback Policy

The Corporation emphasizes strong governance supporting its compensation practices and as such a formal recoupment or "clawback" policy (the **"Clawback Policy"**) is in place. The Clawback Policy is applicable to all executive officers of the Corporation. The Clawback Policy allows for discretionary recovery by the Board of incentive-based compensation where there is a material restatement of the Corporation's financial results due in whole or in part to the willful fraud or misconduct by one or more of the executive officers. Pursuant to the Clawback Policy, the Board has the discretion to cancel any bonus payments or unvested incentive awards and/or require reimbursement of paid bonuses or incentive awards when a clawback is triggered. In carrying out the recovery of the clawback amount, the Board is entitled to pursue all legal and other remedies at its disposal including, without limitation, initiating legal action.

Risk Implications Associated with Compensation Policies and Practices

The Compensation Committee and the Board have considered the implications of the risks associated with the Corporation's compensation policies and practices and have determined that there are no significant areas of risk given the nature of the compensation provided. The reasons for this determination include, without limitation, the following: components of the compensation are awarded on a discretionary basis; the compensation package for Named Executive Officers is reviewed and assessed annually by the Compensation Committee and the Board; the compensation program consists of fixed (base salary) and variable (annual cash bonuses and long-term Award grants) compensation, which is designed to balance the level of risk-taking while also focusing on generating long-term and sustainable value for shareholders; Awards typically vest over a period of time, which acts to further mitigate against the potential for inappropriate short-term risk-taking; and there are no compensation policies and practices that are significantly different for any Named Executive Officer. The Compensation Committee and the Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Corporation's compensation program is appropriately structured.

Hedging Policies

The Corporation's Insider Trading Policy provides that the practice of selling "short" securities of the Corporation and the practice of buying or selling a "call" or "put" or any other derivative security including but not limited to swaps, forwards and futures in respect of any securities of the Corporation is not permitted at any time by the directors, officers, employees, contract workers and consultants of the Corporation.

Summary

The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee and the Board will continue to review compensation policies to ensure that they are competitive within the oil and gas industry and consistent with the performance of the Corporation.

Summary Compensation Table

The following table sets forth for the financial years ended December 31, 2021, 2020 and 2019, information concerning the compensation paid to the Chief Executive Officer and Chief Financial Officer and the three most highly compensated executive officers of the Corporation, other than the Chief Executive Officer and Chief Financial Officer, for the financial year ended December 31, 2021 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Summary Compensation Table									
Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)			All Other Compensation (\$) ⁽⁵⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽⁴⁾	Long-Term Incentive Plans	Pension Value (\$)		
Charle Gamba⁽⁶⁾ President and Chief Executive Officer	2021	721,113 ⁽⁷⁾	1,635,200	-	676,044 ⁽⁷⁾	-	-	136,222 ⁽⁷⁾	3,168,579
	2020	735,589 ⁽⁷⁾	720,000	-	378,303 ⁽⁷⁾	-	-	91,139 ⁽⁷⁾	1,925,031
	2019	623,643 ⁽⁷⁾	516,850	-	656,861 ⁽⁷⁾	-	-	92,907 ⁽⁷⁾	1,890,261
Jason Bednar Chief Financial Officer	2021	433,653	959,760	-	618,327 ⁽⁷⁾	-	-	11,317	2,023,057
	2020	418,708	405,000	-	208,737 ⁽⁷⁾	-	-	-	1,032,445
	2019	386,500	381,990	-	368,878 ⁽⁷⁾	-	-	-	1,137,368
Ravi Sharma Chief Operating Officer	2021	497,364 ⁽⁷⁾	650,070	-	323,286 ⁽⁷⁾	-	-	11,317	1,482,037
	2020	517,595 ⁽⁷⁾	405,000	-	208,737 ⁽⁷⁾	-	-	59,963 ⁽⁷⁾	1,191,295
	2019	490,953 ⁽⁷⁾	381,990	-	490,953 ⁽⁷⁾	-	-	61,397 ⁽⁷⁾	1,425,293
Anthony Zaidi General Counsel and Vice President of Business Development	2021	469,874 ⁽⁷⁾	543,510	-	305,418 ⁽⁷⁾	-	-	125,023 ⁽⁷⁾	1,443,825
	2020	489,089 ⁽⁷⁾	405,000	-	208,737 ⁽⁷⁾	-	-	105,661 ⁽⁷⁾	1,208,487
	2019	464,415 ⁽⁷⁾	381,990	-	368,878 ⁽⁷⁾	-	-	83,412 ⁽⁷⁾	1,298,695
Mark Teare Senior Vice President, Exploration	2021	413,942	606,780	-	298,354 ⁽⁷⁾	-	-	11,317	1,330,393
	2020	402,604	405,000	-	208,737 ⁽⁷⁾	-	-	-	1,016,341
	2019	386,500	381,990	-	368,878 ⁽⁷⁾	-	-	-	1,137,368

Notes:

- (1) “Share-Based Award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, performance share units, common share equivalent units and stock.
- (2) Based on the number of RSUs and PSUs granted multiplied by the market price of the underlying Common Shares on the grant date. This methodology was chosen in order to be consistent with industry.
- (3) “Option-Based Award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (4) Represents annual cash bonus awards that are declared and paid annually. See “*Elements of our Executive Compensation Program – Short Term Incentive Compensation – Discretionary Cash Bonuses*” discussion above.
- (5) The amounts under “All Other Compensation” includes the value of the dividend equivalents on vested and unexercised RSUs and the aggregate amount of perquisites paid to the Named Executive Officer. Mr. Gamba’s perquisite amount for the year ended December 31, 2021 includes an annual living allowance of \$64,681 and executive benefits in the aggregate amount of \$51,422. Mr. Zaidi’s perquisite amount for the year ended December 31, 2021 includes an annual living allowance of \$60,168 and executive benefits in the aggregate amount of \$53,538.
- (6) Mr. Gamba did not receive any additional compensation for serving as a director of the Corporation.
- (7) Compensation was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the average annual exchange rates for each of the following years (2021 - 1.2535, 2020 - 1.3415 and 2019 - 1.3269).

Incentive Plan Awards

The Omnibus Plan

The Omnibus Plan allows for RSUs, PSUs and Options to be granted to certain of Canacol’s officers, directors, employees and consultants. See “*MATTERS TO BE ACTED UPON AT THE MEETING – Re-Approval of the Omnibus Long-Term Incentive Plan*” for a summary of certain provisions of the Omnibus Plan. Prior to the adoption of the Omnibus Plan by the Board on May 17, 2021, the security-based compensation plans of the Corporation were the Corporation’s stock option plan (the “**Option Plan**”) and restricted share unit plan (the “**RSU Plan**”).

The following table sets out the number of RSUs and PSUs granted by the Corporation under the Omnibus Plan during the year ended December 31, 2021. The Corporation did not grant any Options during the year ended December 31, 2021.

Type of Award	Number of Awards	Date of Grant	Issue Price (\$)	Vesting Date/Terms
RSUs	1,603,000 ⁽¹⁾	March 22, 2021	3.56	Note 2
PSUs	960,000	December 7, 2021	3.33	May 1, 2023

Notes:

- (1) During the year ended December 31, 2021, the Corporation accrued dividend equivalents on its vested, unexercised RSUs in accordance with the Omnibus Plan. Figure does not include the dividend equivalent rights associated with RSUs.
- (2) 692,000 of these RSUs have vesting provisions of 50% on the six month anniversary date of the date of grant and 50% on the 12 month anniversary date of the date of grant and 911,000 of these RSUs have vesting provisions of 1/3 on the six month anniversary date of the date of the grant, 1/3 on the 12 month anniversary date of the date of the grant and 1/3 on the 18 month anniversary date of the date of the grant.

The Corporation’s annual burn rate, as described in Section 613(d) of the TSX Company Manual, under the Omnibus Plan was 1.51% in fiscal 2021. The Corporation’s annual burn rate under the Option Plan was 2.0% in fiscal 2020 and 1.7% in fiscal 2019 and its annual burn rate under the RSU Plan was 0.88% in fiscal 2020 and 0.82% in fiscal 2019. The burn rate is subject to change from time to time, based on the number of Options, RSUs, PSUs and DSUs granted and the total number of Common Shares issued and outstanding.

Cash-Only RSU Plan

On March 11, 2021, the Board approved a cash-only restricted share unit plan (the “**Cash-Only RSU Plan**”) which allows for RSUs (“**Cash-Only RSUs**”) to be granted to certain of Canacol’s officers, directors, employees and consultants that

may only be settled by payment in cash. The following is a summary of certain provisions of the Cash-Only RSU Plan and is qualified in its entirety by reference to the full text of the Cash-Only RSU Plan.

The Cash-Only RSUs are substantially like “phantom” shares, the implied value of which will rise and fall in value based on the fair market value of the Common Shares and are redeemable only for cash on the vesting dates determined by the Board. The fair market value of the Common Shares, on a particular date, is determined based on the closing price for the Common Shares on the TSX for the trading day on which the Common Shares traded immediately preceding such date.

The key features of the Cash-Only RSU Plan are as follows:

- (a) the eligible participants are officers, employees (including directors) and consultants of the Corporation or a subsidiary of the Corporation;
- (b) Cash-Only RSUs may only be settled by payment in cash and a holder of Cash-Only RSUs does not have any right to demand, be paid in, or receive Common Shares as settlement for the Cash-Only RSUs or any portion thereof;
- (c) the Board has the discretion to determine the vesting date for each Cash-Only RSU or any other vesting requirements provided that no such vesting condition for a Cash-Only RSU granted to an officer or employee shall extend beyond December 15 of the third calendar year following the year in which the Cash-Only RSUs were granted;
- (d) subject to the terms of the Cash-Only RSU Plan, the Board may determine other terms or conditions of any Cash-Only RSUs, relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation; (d) the operational performance criteria (reserves growth, production growth, etc.) relating to the Corporation; (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting; and (f) the vesting date;
- (e) unless otherwise determined by the Board, in its sole discretion, or specified in the applicable Cash-Only RSU agreement:
 - (i) upon the termination for cause of a participant, all of the participant's Cash-Only RSUs which remain unvested shall be forfeited without any entitlement to such participant;
 - (ii) upon the retirement or death of a participant, all of the participant's Cash-Only RSUs which remain unvested shall vest immediately; and
 - (iii) upon termination without cause, all of the participant's Cash-Only RSUs which remain unvested shall continue to vest (and be paid out) in accordance with their terms;
- (f) upon the occurrence of a Change of Control (as defined in the Cash-Only RSU Plan), all outstanding Cash-Only RSUs at that time shall vest in full and become payable;
- (g) the Cash-Only RSU Plan contains provisions for adjustment in the value of Cash-Only RSUs in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, an amalgamation, merger or other relevant change in the Corporation's corporate structure, special distributions or any other relevant change in the Corporation's capitalization;
- (h) the assignment or transfer of Cash-Only RSUs, or any other benefits under the Cash-Only RSU Plan, is not permitted, except through devolution by death or incompetency or, in the case of non-residents of Canada, to a holding company or trust controlled by such holder, subject to certain conditions set forth in the Cash-Only RSU Plan; and
- (i) the Cash-Only RSU Plan may be amended at any time by the Board in whole or in part, without the consent of the holders of Cash-Only RSUs, provided that such amendment shall not alter or impair any Cash-Only RSU previously granted under the Cash-Only RSU Plan.

During the year ended December 31, 2021, the Corporation granted an aggregate of 26,000 Cash-Only RSUs on March 22, 2021 based on a Common Share price of \$3.56 per Common Share. The Cash-Only RSUs vest in thirds every six months over an 18 month period from the date of grant.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each Named Executive Officer all awards outstanding at the end of the financial year ended December 31, 2021, including awards granted before the most recently completed financial year.

Option-Based Awards					Share-Based Awards ⁽¹⁾		
Name and Title	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested ⁽³⁾⁽⁴⁾ (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾⁽⁴⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed (\$)
Charle Gamba President and Chief Executive Officer	150,000	4.22	January 16, 2022	-	432,935	1,389,721	-
	125,000	4.18	August 14, 2022	-			
	150,000	4.34	January 26, 2023	-			
Jason Bednar Chief Financial Officer	100,000	4.22	January 16, 2022	-	255,525	820,235	-
	80,000	4.18	August 14, 2022	-			
	100,000	4.34	January 26, 2023	-			
Ravi Sharma Chief Operating Officer	100,000	4.22	January 16, 2022	-	162,525	521,705	-
	80,000	4.18	August 14, 2022	-			
	100,000	4.34	January 26, 2023	-			
Anthony Zaidi General Counsel and Vice President of Business Development	100,000	4.22	January 16, 2022	-	130,525	418,985	-
	80,000	4.18	August 14, 2022	-			
	100,000	4.34	January 26, 2023	-			
Mark Teare Senior Vice President, Exploration	100,000	4.22	January 16, 2022	-	149,525	479,975	-
	80,000	4.18	August 14, 2022	-			
	100,000	4.34	January 26, 2023	-			

Notes:

- (1) The Corporation made a special distribution to the shareholders of the Corporation of common shares of Arrow Exploration Ltd. by way of a return of capital (the "**Return of Capital**") valued at US\$20 million. In the event of a special distribution by the Corporation such as the Return of Capital, (a) the Option Plan provided that for each outstanding Option the exercise price will be reduced by such amount as determined by the Board, and (b) the RSU Plan provided for an increase in the value of the outstanding and vested RSUs by such amount as determined by the Board. All the then outstanding Options and the value of all of the then outstanding and vested RSUs were adjusted by an amount equal to \$0.08 effective October 3, 2018.
- (2) Calculated based on the difference between the closing price of \$3.21 per Common Share on the TSX on December 31, 2021, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) Figure includes unvested RSUs and PSUs and dividend equivalent rights associated therewith.
- (4) The value of share-based awards that have not vested has been calculated using the closing price of the Common Shares on December 31, 2021 of \$3.21.

See "*Statement of Executive Compensation – Compensation Discussion and Analysis*" for discussion of the process that the Corporation uses in the grant of Options, RSUs and PSUs.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021.

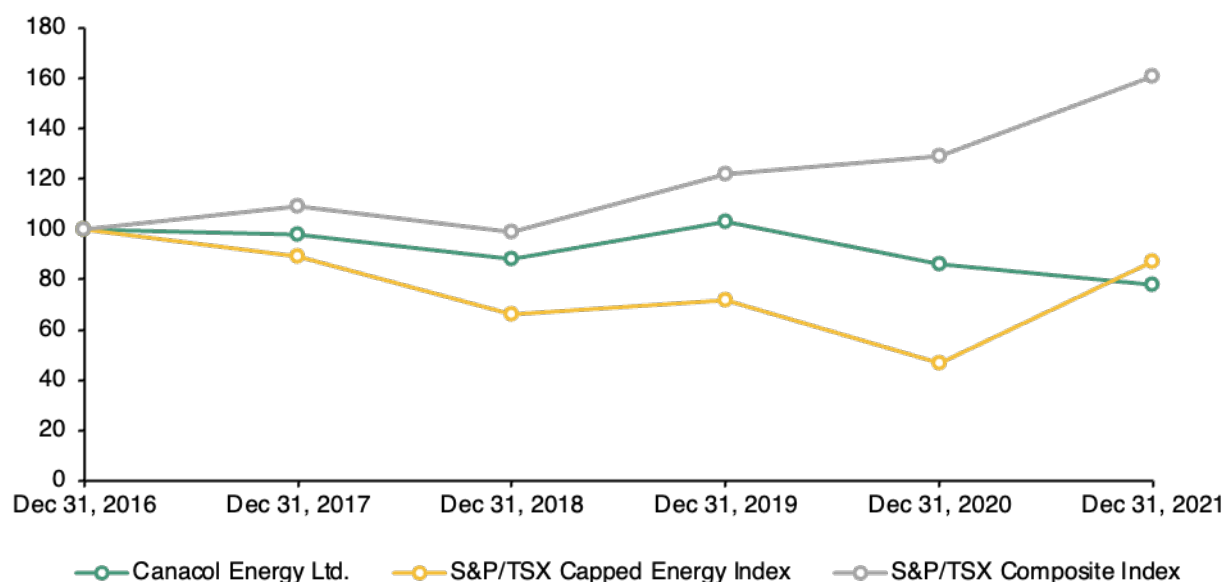
Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-Based Awards - Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation - Value earned during the year (\$)
Charle Gamba President and Chief Executive Officer	Nil	443,199	676,044 ⁽³⁾
Jason Bednar Chief Financial Officer	Nil	249,300	618,327 ⁽³⁾
Ravi Sharma Chief Operating Officer	Nil	249,300	323,286 ⁽³⁾
Anthony Zaidi General Counsel and Vice President of Business Development	Nil	249,300	305,418 ⁽³⁾
Mark Teare Senior Vice President, Exploration	Nil	249,300	298,354 ⁽³⁾

Notes:

- (1) Based on the difference between the market price of the Options at the vesting date and the exercise price.
- (2) Based on the number of RSUs multiplied by the market price of the underlying Common Shares on the vesting date.
- (3) Compensation was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the average annual exchange rate for 2021 of 1.2535.

Performance Graph

The following graph compares the change in the cumulative total shareholder return over the periods indicated of a \$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index, assuming the reinvestment of dividends, where applicable, for the comparable period.



The trend in the performance graph does not correlate to the trend of the compensation paid to the Named Executive Officers. As described under “*Compensation Discussion and Analysis*”, base salaries reflect each executive officer’s primary duties and responsibilities and are set at levels based on responsibility, experience and expertise as well as subjective factors such as leadership. The Corporation has concluded that management must be compensated based on competitive market conditions and the value of the services provided, irrespective of Common Share price movements. RSUs and PSUs granted pursuant to the Omnibus Plan each form a significant portion of compensation, and therefore total compensation for the Named Executive Officers is affected by increases or decreases in the price of the Common Shares as the value of such RSUs and PSUs changes as the Corporation’s share price changes.

Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

The Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities, other than as described below.

Each Named Executive Officer has entered into an executive employment agreement with the Corporation which provides for payment of (a) two times the sum of (i) the Named Executive Officer’s current annual base salary, plus (ii) an amount equal to the average amount of the annual bonus payments, if any, paid to the Named Executive Officer by the Corporation for the two full calendar years prior to the termination date (pro-rated to the full year equivalent for bonuses paid in respect of periods covering less than a year), and (b) a lump sum payment of US\$40,000 (or C\$40,000 in the case of Jason Bednar and Mark Teare) representing compensation for the loss of other benefits and perquisites, in the event of: (A) a Change of Control (as defined below) of the Corporation and if the NEO does not continue to be employed at a level of responsibility at least commensurate with the NEO’s level of responsibility immediately prior to the Change of Control; or (B) termination “without cause” (each, a “**Triggering Event**”).

“Change of Control” in these employment agreements means: (a) any persons acting jointly or in concert, whether directly or indirectly, acquiring beneficial ownership of more than 40% of the Common Shares; (b) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of the Common Shares; (c) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than in the ordinary course of business of the Corporation or to a subsidiary or an affiliate of the Corporation; (d) a change in the composition of the Board over any 12 month period such that more than 50% of the persons who were directors of the Corporation at the beginning of such period are no longer directors at the end of the period, unless such change is a consequence of normal attrition; and (e) any determination by the majority of incumbent members of the Board that a change of control has occurred or is about to occur.

For the financial year ended December 31, 2021, the NEOs would have been entitled to the following payments in the event of a Triggering Event: Charle Gamba – US\$2,011,885, Jason Bednar – \$1,734,370, Ravi Sharma – US\$1,247,067, Anthony Zaidi – US\$1,188,953 and Mark Teare – \$1,374,975.

Director Compensation

The Corporation currently has eight directors, one of whom, Charle Gamba, is also a Named Executive Officer. For a description of the compensation paid to Charle Gamba, see “*Statement of Executive Compensation*”.

General

Through the Compensation Committee, the Board is responsible for the development and implementation of a compensation plan for the non-executive directors of Canacol. The main objectives of the compensation plan for the non-executive directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies.

To meet and maintain these objectives, the Compensation Committee annually performs a review of the non-executive directors’ compensation plan, which includes reviewing the compensation paid to directors of an industry specific peer group. The Compensation Committee then recommends any changes to the compensation plan to the Board for consideration and, if deemed appropriate, approval.

Non-executive directors are eligible to participate in the Omnibus Plan and other long-term compensation plans adopted by the Corporation from time to time. The Omnibus Plan allows for non-executive directors to receive all or a portion of their compensation in the form of a grant of DSUs in each fiscal year. See “*MATTERS TO BE ACTED UPON AT THE MEETING – Re-Approval of the Omnibus Long-Term Incentive Plan*” for a summary of certain provisions of the Omnibus Plan.

During the year ended December 31, 2021, the Corporation granted an aggregate of 71,350 DSUs under the Omnibus Plan to the non-executive directors based on a Common Share price at the date of grant of \$3.33 per Common Share. These DSUs vest immediately on grant and are paid out upon retirement, resignation or death.

Directors’ Summary Compensation Table

The following table sets forth for the financial year ended December 31, 2021, information concerning the compensation paid to the non-executive directors. Juan Argento, a non-executive director, was appointed to the Board effective February 11, 2021.

Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Michael Hibberd	132,900	160,961	-	-	-	4,527	298,388
David Winter	110,900	137,143	-	-	-	3,521	251,564
Gregory Elliott	73,900	126,693	-	-	-	3,269	203,862
Francisco Diaz	83,900	126,693	-	-	-	3,269	213,862
Gonzalo Fernández-Tinoco	94,900	126,923	-	-	-	3,395	225,218
Ariel Merenstein	86,900	126,693	-	-	-	3,269	216,862
Juan Argento	70,163	126,693	-	-	-	3,269	200,125

Notes:

- (1) “Share-Based Award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) Based on the number of RSUs and DSUs granted multiplied by the market price of the underlying Common Shares on the grant date.
- (3) “Option-Based Award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (4) The amounts under “All Other Compensation” include the value of the dividend equivalents on vested and unexercised RSUs.

The following table sets forth the annual retainer fees for the non-executive directors for the year ended December 31, 2021.

Title	Annual Retainer Amount (\$)
Directors	45,900
Chairman of Board	30,000
Chair of Audit Committee	12,000
Member of Audit Committee	5,000
Chair of Reserves Committee	9,000
Member of Reserves Committee	3,000
Chair of Compensation Committee	9,000
Member of Compensation Committee	3,000
Chair of Governance and Nominating Committee	9,000
Member of Governance and Nominating Committee	3,000
Co-Chair of ESG Committee	4,500
Member of ESG Committee	3,000

Directors' Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each person who was a non-executive director during the last completed financial year of the Corporation, all awards outstanding at the end of the financial year ended December 31, 2021, including awards granted before the most recently completed financial year.

Option-Based Awards					Share-Based Awards ⁽¹⁾		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested ⁽³⁾⁽⁴⁾ (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾⁽⁴⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed ⁽⁵⁾ (\$)
Michael Hibberd	30,000	4.22	January 16, 2022	-	25,410	81,566	31,619
	33,600	4.18	August 14, 2022	-			
	30,000	4.34	January 26, 2023	-			
David Winter	16,000	4.22	January 16, 2022	-	19,764	63,442	36,113
	16,800	4.18	August 14, 2022	-			
	16,000	4.34	January 26, 2023	-			
Gregory Elliott	16,000	4.22	January 16, 2022	-	18,351	58,907	32,903
	16,800	4.18	August 14, 2022	-			
	16,000	4.34	January 26, 2023	-			
Francisco Díaz	16,000	4.22	January 16, 2022	-	18,351	58,907	32,903
	16,800	4.18	August 14, 2022	-			
	16,000	4.34	January 26, 2023	-			
Gonzalo Fernández-Tinoco	-	-	-	-	19,058	61,176	29,693
Ariel Merenstein	-	-	-	-	18,351	58,907	32,903
Juan Argento	200,000	4.24	February 3, 2025	-	18,351	58,907	32,903

Notes:

- (1) The Corporation made a special distribution to the shareholders of the Corporation of common shares of Arrow Exploration Ltd. by way of a return of capital (defined herein as the "**Return of Capital**") valued at US\$20 million. In the event of a special distribution by the Corporation such as the Return of Capital, (a) the Option Plan provided that for each outstanding Option the exercise price will be reduced by such amount as determined by the Board, and (b) the RSU Plan provided for an increase in the value of the outstanding and vested RSUs by such amount as determined by the Board. All the then outstanding Options and the value of all of the then outstanding and vested RSUs were adjusted by an amount equal to \$0.08 effective October 3, 2018.
- (2) Calculated based on the difference between the closing price of \$3.21 per Common Share on the TSX on December 31, 2021, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) Figure includes unvested RSUs and dividend equivalent rights associated therewith.
- (4) The value of share-based awards that have not vested has been calculated using the closing price of the Common Shares on December 31, 2021 of \$3.21.
- (5) The value of share-based awards that have vested and have not been paid out has been calculated using the closing price of the Common Shares on December 31, 2021 of \$3.21.

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

The following table sets forth for each person who was a non-executive director during the last completed financial year of the Corporation, the value of option-based awards and the value of share-based awards which vested during the financial year ended December 31, 2021. No non-equity incentive plan compensation was earned during the financial year ended December 31, 2021 by the non-executive directors.

Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Shares-Based Awards - Value vested during the year (\$) ⁽²⁾
Michael Hibberd	Nil	132,521
David Winter	Nil	115,021
Gregory Elliott	Nil	106,154
Francisco Diaz	Nil	106,154
Gonzalo Fernández-Tinoco	Nil	105,593
Ariel Merenstein	Nil	60,394
Juan Argento	Nil	60,394

Notes:

- (1) Based on the difference between the market price of the Options at the vesting date and the exercise price.
(2) Based on the number of RSUs and DSUs multiplied by the market price of the underlying Common Shares on the vesting date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) ⁽¹⁾
Equity compensation plans approved by security holders	17,616,662	\$4.31	5,744,456
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	17,616,662	\$4.31	5,744,456

Note:

- (1) Based on 176,166,622 Common Shares outstanding as at December 31, 2021 and the number of Options, RSUs, DSUs and PSUs outstanding at December 31, 2021. As at December 31, 2021, there were a total of 9,826,252 Options, 1,014,604 RSUs, 960,000 PSUs and 71,350 DSUs outstanding, leaving a total of 5,744,456 remaining available for issue under the Omnibus Plan. Pursuant to the Omnibus Plan, the maximum number of Common Shares

that may be subject to Options RSUs, PSUs and DSUs granted and outstanding thereunder at any time cannot exceed 10% of the outstanding Common Shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets out the aggregate indebtedness to the Corporation and its subsidiaries, as at May 13, 2022, of the executive officers, directors, employees and former executive officers, directors and employees of the Corporation and its subsidiaries. As at May 13, 2022, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof.

Purpose	To Canacol or its Subsidiaries (\$)	To Another Entity (\$)
Common Share Purchases Related to Expiring Options	316,005	-

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The following table sets out for: (a) each individual who is, or at any time during the fiscal year ended December 31, 2021 was, a director or executive officer of the Corporation; (b) each proposed nominee for election as a director of the Corporation; and (c) each associate of any such director, executive officer or proposed nominee, the indebtedness of such person since January 1, 2021, to: (i) the Corporation or any of its subsidiaries; or (ii) another entity, if such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof, other than "routine indebtedness" as defined in NI 51-102.

Name and Principal Position	Involvement of Canacol or Subsidiary	Largest Amount Outstanding During Year End December 31, 2021 (\$)	Amount Outstanding as at May 13, 2022 (\$)	Financially Assisted Securities Purchases during 2021 (#)	Security for Indebtedness	Amount Forgiven During Year End December 31, 2021 (\$)
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Securities Purchase Programs

Michael Hibberd Chairman	Lender	207,539 ⁽¹⁾	212,329	Nil	Common Shares	Nil
Greg Elliott Director	Lender	101,355 ⁽¹⁾	103,676	Nil	Common Shares	Nil

Other Programs

N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Note:

(1) On January 3, 2020, the Corporation provided loans to Mr. Hibberd and Mr. Elliott for the sole purpose of exercising Options to acquire Common Shares scheduled to expire in the period.

INTEREST OF MANAGEMENT AND INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors, proposed directors or executive officers of the Corporation, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any other informed person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the most recently completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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 director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR.

Also see "Audit Committee Information" in the Corporation's annual information form for the financial year ended December 31, 2021, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including its mandate and composition and fees paid to the Corporation's auditors.

A shareholder may contact the Corporation at Suite 2000, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3, Attention: Chief Financial Officer, to obtain a copy of the Corporation's most recent financial statements, management discussion and analysis and annual information form.

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

OTHER MATTERS

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

APPROVAL

The contents and sending of this Circular has been approved by the Board.

SCHEDULE A

OMNIBUS PLAN

(attached)



OMNIBUS LONG-TERM INCENTIVE PLAN

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OMNIBUS LONG-TERM INCENTIVE PLAN

Canacol Energy Ltd. (the "**Corporation**") hereby establishes an Omnibus Long-Term Incentive Plan for certain qualified directors, officers, employees and Consultants (as defined herein), providing ongoing services to the Corporation and/or its Subsidiaries (as defined herein) that can have a significant impact on the Corporation's long-term results.

ARTICLE 1 - DEFINITIONS

Section 1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"active employment" means the period in which a Participant who is an employee of the Corporation or an Affiliate performs work for the Corporation or an Affiliate. For certainty, "active employment", unless otherwise agreed in writing, shall be deemed to only include any period constituting the minimum notice of termination period that is required to be provided to an employee Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows the later of the end of the statutory notice period or the employee Participant's last day of performing work for the Corporation or an Affiliate;

"Affiliates" has the meaning given to this term in the *Securities Act* (Alberta), as such legislation may be amended, supplemented or replaced from time to time;

"Award Agreement" means, individually or collectively, an Option Agreement, RSU Agreement, PSU Agreement and/or DSU Agreement, as the context requires;

"Awards" means Options, RSUs, PSUs and/or DSUs granted to a Participant pursuant to the terms of the Plan;

"Black-Out Period" means the period of time during which, pursuant to any policies or determinations of the Corporation or applicable law, securities of the Corporation may not be traded by Insiders or other specified persons;

"Board" means the board of directors of the Corporation as constituted from time to time;

"Broker" has the meaning ascribed thereto in Section 3.7(2) hereof;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Calgary, Alberta, Canada for the transaction of banking business;

"Cancellation" has the meaning ascribed thereto in Section 2.4(1) hereof;

"Cash Equivalent" means:

- (a) in the case of Share Units, the amount of money equal to the Market Value multiplied by the number of vested Share Units in the Participant's Account, net of any applicable taxes in accordance with Section 8.5, on the Share Unit Settlement Date;
- (b) in the case of DSU Awards, the amount of money equal to the Market Value multiplied by the whole number of DSUs then recorded in the Participant's Account which the Eligible Director requests to redeem pursuant to the DSU Redemption Notice, net of any applicable taxes in accordance with

Section 8.5, on the date the Corporation receives, or is deemed to receive, the DSU Redemption Notice;

"Change of Control" means unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (a) any transaction (other than a transaction described in clause (b) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities entitled to vote in the election of directors of the Corporation, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Corporation under any of the Corporation's equity incentive plans;
- (b) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;
- (c) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation's assets to a person other than a person that was an Affiliate of the Corporation at the time of such sale, lease, exchange, license or other disposition;
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement);
- (e) individuals who, on the Effective Date, are members of the Board (the **"Incumbent Board"**) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of the Plan, be considered as a member of the Incumbent Board; or
- (f) any other matter determined by the Board to be a Change of Control;

"Code of Conduct" means any code of ethics adopted by the Corporation, as modified from time to time;

"Consultant" means a Person (including an individual whose services are contracted for or through another Person) with whom the Company or a Subsidiary has a contract for services;

"Corporation" means Canacol Energy Ltd.;

"disability" has the meaning attributed thereto in the Participant's Employment Agreement or written agreement with the Corporation or an Affiliate and if there is no such defined term or agreement, means

the Participant's inability to substantially fulfil his or her duties on behalf of the Corporation as a result of illness or injury for a continuous period of nine (9) months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period;

"Dividend Share Units" has the meaning ascribed thereto in Section 6.2 hereof;

"DSU" means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited to a Participant's Account in accordance with Article 4 hereof;

"DSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of DSUs and the terms and conditions thereof, substantially in the form set out in Schedule A, or such other form as the Board may approve from time to time;

"DSU Redemption Deadline" has the meaning ascribed thereto in Section 4.3(1) hereof;

"DSU Redemption Notice" has the meaning ascribed thereto in Section 4.3(1) hereof;

"Eligible Directors" means members of the Board who, at the time of execution of an Award Agreement, if applicable, and at all times thereafter while they continue to serve as a member of the Board, are not officers or employees of the Corporation or a Subsidiary;

"Eligible Participants" has the meaning ascribed thereto in Section 2.3(1) hereof;

"Employment Agreement" means, with respect to any Participant, any employment agreement between the Corporation or a Subsidiary and such Participant;

"Exercise Notice" means a notice in writing signed by a Participant and stating the Participant's intention to exercise or settle a particular Award, if applicable;

"Exercise Price" has the meaning ascribed thereto in Section 3.2 hereof;

"Expiry Date" has the meaning ascribed thereto in Section 3.4 hereof;

"Insider" means a "reporting insider" of the Corporation as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the TSX Company Manual in respect of the rules governing security-based compensation arrangements, as amended from time to time;

"Market Value" means at any date when the market value of Shares of the Corporation is to be determined, the closing price of the Shares on the trading day prior to such date on the TSX, or, if the Shares are not listed on the TSX at the relevant time, such other stock exchange upon which the Shares are then listed, or if the Shares of the Corporation are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with Canadian tax law;

"Option" means an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, but subject to the provisions hereof;

"Option Agreement" means a written notice from the Corporation to a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Schedule B, or such other form as the Board may approve from time to time;

"Participants" means Eligible Participants that are granted Awards under the Plan;

"Participant's Account" means an account maintained to reflect each Participant's participation in RSUs, PSUs and/or DSUs under the Plan;

"Performance Criteria" means criteria established by the Board which, without limitation, may include criteria based on the Participant's personal performance, the financial performance of the Corporation and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Awards, when applicable;

"Performance Period" means the period determined by the Board pursuant to Section 5.3 hereof;

"Person" means, without limitation, an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a trustee executor, administrator, or other legal representative, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time, including, for greater certainty, any sub-plan adopted by the Board in accordance with Section 8.2 hereof;

"PSU" means a performance share unit awarded to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 5 hereof and subject to the terms and conditions of the Plan;

"PSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of PSUs and the terms and conditions thereof, substantially in the form set out in Schedule C, or such other form as the Board may approve from time to time;

"Regulatory Authorities" means the TSX and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

"RRIF" means a registered retirement income fund (as defined in the Tax Act);

"RRSP" means a registered retirement savings plan (as defined in the Tax Act);

"RSU" means a restricted share unit awarded to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 5 hereof and subject to the terms and conditions of the Plan;

"RSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of RSUs and the terms and conditions thereof, substantially in the form set out in Schedule C, or such other form as the Board may approve from time to time;

"Share Compensation Arrangement" means a stock option, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Participants of the Corporation or a Subsidiary, including this Plan. For greater certainty, a "Share Compensation Arrangement" does not include a security-based compensation arrangement used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Corporation;

"Shares" means the common shares in the capital of the Corporation;

"Share Unit" means a RSU and/or PSU, as the context requires;

"Share Unit Settlement Notice" means a notice by a Participant to the Corporation electing the desired form of settlement of vested RSUs or PSUs;

"Share Unit Vesting Determination Date" has the meaning described thereto in Section 5.4 hereof;

"Subsidiary" means a company, partnership or other body corporate that is controlled, directly or indirectly, by the Corporation;

"Surrender" has the meaning ascribed thereto in Section 3.7(3);

"Surrender Notice" has the meaning ascribed thereto in Section 3.7(3);

"Tax Act" means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

"Termination Date" means: (a) with respect to a Participant who is an employee or officer of the Corporation or a Subsidiary, such Participant's last day of active employment; (b) with respect to a Participant who is a Consultant, the date such Consultant ceases to provide services to the Corporation or a Subsidiary; and (c) with respect to a Participant who is a Eligible Director, the date such Person ceases to be a director of the Corporation or Subsidiary, effective on the last day of the Participant's actual and active Board membership whether such day is selected by agreement with the individual, unilaterally by the Corporation and whether with or without advance notice to the Participant, provided that if an Eligible Director becomes an employee of the Corporation or any of its Subsidiaries, such Participant's Termination Date will be such Participant's last day of active employment, and **"Terminate"** and **"Terminated"** have corresponding meanings;

"TFSA" means a tax free savings account (as defined in the Tax Act);

"Trading Day" means any day on which the TSX is opened for trading;

"transfer" includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, lien, charge, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing and **"transferred"**, **"transferring"** and similar variations have corresponding meanings; and

"TSX" means the Toronto Stock Exchange.

ARTICLE 2 - PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Participants with additional incentives; (ii) encouraging share ownership by such Eligible Participants; (iii) increasing the proprietary interest of Eligible Participants in the success of the Corporation; (iv) promoting growth and profitability of the Corporation; (v) encouraging Eligible Participants to take into account long-term corporate performance; (vi) rewarding Eligible Participants for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhancing the Corporation's ability to attract, retain and motivate Eligible Participants.

Section 2.2 Implementation and Administration of the Plan.

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee of the Board and/or any member of the Board. In such circumstances, all references to the term "Board" in this Plan will be deemed to be references to the such committee and/or member of the Board, except as may otherwise be determined by the Board.
- (2) Subject to the terms and conditions set forth in the Plan, the Board shall have the sole and absolute discretion to: (a) designate Participants; (b) determine the type, size, and terms, and conditions of Awards to be granted; (c) determine the method by which an Award may be settled, exercised, canceled, forfeited, or suspended; (d) determine the circumstances under which the delivery of cash with respect to an Award may be deferred either automatically or at the Participant's or the Board's election; (e) interpret and administer, reconcile any inconsistency in, correct any defect in,

and supply any omission in the Plan and any Award granted under, the Plan; (f) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Board shall deem appropriate for the proper administration of the Plan; (g) accelerate the vesting, delivery, or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards; and (h) make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan or to comply with any applicable law.

- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan, any Award Agreement or other document or any Awards granted pursuant to the Plan.
- (4) The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation as the Board determines.
- (5) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing any Award granted pursuant to the Plan shall be within the sole discretion of the Board, may be made at any time, and shall be final, conclusive, and binding upon all persons or entities, including, without limitation, the Corporation, any Subsidiary, any Participant, any holder or beneficiary of any Award, and any shareholder of the Corporation.

Section 2.3 Eligible Participants.

- (1) The Persons who shall be eligible to receive Options, RSUs and PSUs shall be the officers, employees, directors or Consultants of or to the Corporation or a Subsidiary, providing ongoing services to the Corporation and/or its Subsidiaries, and the Persons who shall be eligible to receive DSUs shall be the Eligible Directors (collectively, "**Eligible Participants**").
- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship, employment or appointment with the Corporation or a Subsidiary.
- (3) Notwithstanding any express or implied term of the Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment, a contract for services or appointment by the Corporation or a Subsidiary.

Section 2.4 Shares Subject to the Plan.

- (1) Subject to Section 2.4(2) and to adjustment pursuant to provisions of Article 7 hereof, the total number of Shares issuable from treasury reserved and available for grant and issuance pursuant to Awards under the Plan or pursuant to awards under any other established Share Compensation Arrangement, shall not exceed ten percent (10%) of the total issued and outstanding Shares from time to time, or such other number as may be approved by the TSX and the shareholders of the Corporation from time to time. For the purposes of this Section 2.4(1), in the event that the Corporation cancels or purchases to cancel any of its issued and outstanding Shares ("**Cancellation**") and as a result of such Cancellation, the Corporation exceeds the limit set out in this Section 2.4(1), no approval of the Corporation's shareholders will be required for the issuance of Shares on the exercise or settlement of any Awards which were granted prior to such Cancellation. No more than one percent (1%) of the total issued and outstanding Shares of the Corporation (on a non-diluted basis) from time to time, shall be reserved and available for grant and issuance pursuant to Awards to the Eligible Directors. For greater certainty, the Shares reserved and available for grant and issuance to the Eligible Directors, shall be included in the total number of Shares generally available for grant and issuance pursuant to Awards pursuant to this Section 2.4(1). The Plan is considered an "evergreen" plan, since the Shares covered by Awards which have been exercised shall be available for subsequent grants under the Plan and the number

of Awards available to grant increases as the number of issued and outstanding Shares increases from time to time.

- (2) For greater certainty, any issuance from treasury by the Corporation that is or was issued in reliance upon an exemption under applicable stock exchange rules applicable to security based compensation arrangements used as an inducement to Persons not previously employed by and not previously an Insider of the Corporation shall not be included in determining the maximum Shares reserved and available for grant and issuance under Section 2.4(1).
- (3) Shares in respect of which an Award is exercised, granted under the Plan (or any other Share Compensation Arrangement) but not exercised prior to the termination of such Award, not vested or settled prior to the termination of such Award due to the expiration, termination, cancellation or lapse of such Award, or settled in cash in lieu of settlement in Shares, shall, in each case, be available for Awards to be granted thereafter pursuant to the provisions of the Plan. All Shares issued from treasury pursuant to the exercise or the vesting of the Awards granted under the Plan shall, when the applicable Exercise Price, if any, is received by the Corporation in connection therewith, be so issued as fully paid and non-assessable Shares.
- (4) The aggregate equity value of DSUs that are eligible to be settled in Shares granted to an Eligible Director, within a one-year period, pursuant to all Share Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$150,000 and the aggregate equity value of Options that can be granted to an Eligible Director, within a one-year period, pursuant to all Share Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$100,000.

Section 2.5 Participation Limits.

Subject to adjustment pursuant to provisions of Article 7 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period, and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis. Any Awards granted pursuant to the Plan to a Participant prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this Section 2.5.

Section 2.6 Termination of Employee, Director or Consultant.

- (1) Subject to a written Employment Agreement or a written consulting agreement of a Participant or an Award Agreement, and as otherwise determined by the Board in its sole discretion, each Award shall be subject to the following conditions:
 - (a) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for "cause", all unexercised vested or unvested Awards granted to such Participant shall terminate on the Termination Date as specified in the notice of termination. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for cause shall be binding on the Participant. Subject to the terms of the Employment Agreement, "cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Code of Conduct and any reason determined by the Corporation to be cause for termination; provided that, in respect of a termination for cause, in the event that an Alberta employee Participant's conduct or actions giving rise to cause does not constitute wilful misconduct, disobedience or wilful neglect of duty, in each case, that is not trivial and has not been condoned by the Corporation or an applicable Affiliate, the Alberta employee Participant shall be entitled to such minimum statutory entitlements in respect of the incentive compensation or any other applicable rights pursuant to this Plan to the end of the statutory notice period as may be required by applicable employment standards legislation.

- (b) **Resignation, Retirement and Termination other than for Cause.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, retirement or termination other than for "cause", as applicable, subject to any later expiration dates determined by the Board: (i) all Options shall expire on the earlier of ninety (90) days after the effective date of such Termination Date or the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such Termination Date, and all unexercised unvested Options granted to such Participant shall terminate on the effective date of such Termination Date; and (ii) all vested RSUs, PSUs or DSUs granted to such Participant shall be paid out in accordance with their terms and all RSUs, PSUs or DSUs which have not become vested prior to the Termination Date shall terminate on the effective date of such Termination Date.
 - (c) **Death or Disability.** In the case of a Participant ceasing to be an Eligible Participant due to death or disability, as applicable, subject to any later expiration dates determined by the Board: (i) all unexercised unvested Options granted to such Participant shall be deemed to have vested immediately on the effective date of such death or disability and all Options shall expire on the earlier of twelve (12) months after the effective date of such death or disability, or the expiry date of such Option; and (ii) all unvested RSUs, PSUs or DSUs standing to the credit of such Participant shall be deemed to have vested immediately on the effective date of such death or disability and all RSUs, PSUs or DSUs shall be paid out in accordance with their terms.
- (2) For the avoidance of doubt, subject to applicable employment standards legislation, a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any awards or compensation which would have vested or been granted after the Termination Date including but not limited to damages in lieu of notice at common law.

ARTICLE 3 - OPTIONS

Section 3.1 Nature of Options.

Each Option is an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, subject to the provisions hereof.

Section 3.2 Option Awards.

- (1) The Board shall, from time to time, in its sole discretion, (a) designate the Eligible Participants who may receive Options under the Plan, (b) determine the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (c) determine the price per Share to be payable upon the exercise of each such Option (the "**Exercise Price**"), (d) determine the relevant vesting provisions (including Performance Criteria, if applicable) and (e) determine the Expiry Date, the whole subject to the terms and conditions prescribed in the Plan, in any Option Agreement and any applicable rules of the TSX and any other stock exchange on which the Shares are listed or posted for trading.
- (2) All Options granted herein shall vest in accordance with the terms of the resolutions of the Board approving such Options and the terms of the Option Agreement entered into in respect of such Options.

Section 3.3 Exercise Price.

The Exercise Price for any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of the Shares underlying the Option at the time of the grant.

Section 3.4 Expiry Date; Blackout Period.

Subject to Section 7.2, each Option must be exercised no later than five (5) years after the date the Option is granted or such shorter period as set out in the Participant's Option Agreement, at which time such Option will expire (the "**Expiry Date**"). Notwithstanding any other provision of the Plan, should the expiration date for an Option fall within a Black-Out Period or within nine (9) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. In the event there is a subsequent Black-Out Period prior to the tenth Business Day after the end of the previous Black-Out Period, the expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the subsequent Black-Out Period and such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan.

Section 3.5 Option Agreement.

Each Option must be confirmed by an Option Agreement. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

Section 3.6 Exercise of Options.

- (1) Subject to the provisions of the Plan, a Participant shall be entitled to exercise an Option granted to such Participant, subject to vesting limitations which may be imposed by the Board at the time such Option is granted and set out in the Option Agreement.
- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board may determine in its sole discretion.
- (3) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 7.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 3.7 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.6 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering an exercise notice substantially in the form appended to the Option Agreement (an "**Exercise Notice**") to the Corporation in the form and manner determined by the Board from time to time, together with a bank draft, certified cheque, wire transfer or other form of payment acceptable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and any applicable tax withholdings.
- (2) Pursuant to the Exercise Notice, and subject to the approval of the Board, a Participant may be given the opportunity to undertake a "cashless exercise" with the assistance of a broker (the "**Broker**") in order to facilitate the exercise of such Participant's Options. The "cashless exercise" procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an

Exercise Notice and any applicable tax withholdings. Pursuant to the Exercise Notice, the Participant may authorize the Broker to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Corporation to satisfy the Exercise Price and any applicable tax withholdings, promptly following which the Corporation shall issue the Shares underlying the number of Options as provided for in the Exercise Notice.

- (3) In addition, in lieu of exercising any vested Option in the manner described in this Section 3.7(1) or Section 3.7(2), and pursuant to the terms of this Section 3.7(3) but subject to Section 3.6(3), a Participant may, by surrendering an Option ("**Surrender**") with a properly endorsed notice of Surrender to the Chief Financial Officer of the Corporation, substantially in the form appended to the Option Agreement (a "**Surrender Notice**"), elect to receive that number of Shares or cash calculated using the following formula, subject to acceptance of such Surrender Notice by the Board and provided that arrangements satisfactory to the Corporation have been made to pay any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Shares or the cash payment, as applicable, to be issued or made to the Participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued or no cash payment shall be made, as applicable;

Y = the number of Shares underlying the Options to be Surrendered;

A = the Market Value of the Shares as at the date of the Surrender; and

B = the Exercise Price of such Options.

- (4) No share certificates shall be issued and no person shall be registered in the share register of the Corporation as the holder of Shares until actual receipt by the Corporation of an Exercise Notice and payment for the Shares to be purchased.
- (5) Upon the exercise of an Option pursuant to Section 3.7(1) or Section 3.7(3), the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to deliver to the Participant (or as the Participant may otherwise direct) such number of Shares as the Participant shall have then paid for and as are specified in such Exercise Notice.

ARTICLE 4 - DEFERRED SHARE UNITS

Section 4.1 Nature of DSUs.

A DSU is a unit granted to Eligible Directors representing the right to receive a Share or the Cash Equivalent, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing service as a Eligible Director (or other service relationship), vesting terms and/or achievement of pre-established Performance Criteria.

Section 4.2 DSU Awards.

- (1) Subject to the Corporation's director compensation policy determined by the Board from time to time, each Eligible Director may receive all or a portion his or her compensation in the form of a grant of DSUs in each fiscal year.

- (2) Each DSU must be confirmed by a DSU Agreement that sets forth the terms, conditions and limitations for each DSU and may include, without limitation, the vesting and terms of the DSUs and the provisions applicable on a Termination Date, and shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting DSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (3) Any DSUs that are awarded to a Eligible Director who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or to meet requirements of paragraph 6801(d) of the Income Tax Regulations adopted under the Tax Act (or any successor to such provisions).
- (4) Subject to vesting and other conditions and provisions set forth herein and in the DSU Agreement, the Board shall determine whether each DSU awarded to a Eligible Director shall entitle the Eligible Director, net of any applicable taxes in accordance with Section 8.5:
 - (a) to receive one Share issued from treasury;
 - (b) to receive the Cash Equivalent of one Share;
 - (c) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on redemption;
 - (d) to entitle the Eligible Director to elect to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares; or
 - (e) to receive one Share purchased on the open market for the Eligible Director, through a Broker. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Eligible Director, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Eligible Director is entitled and the Broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Eligible Director, on the TSX (or other stock exchange on which the Shares are listed or traded).

Section 4.3 Redemption of DSUs.

- (1) Each Eligible Director shall be entitled to redeem his or her DSUs during the period commencing on the Business Day immediately following the Termination Date and ending on the date that is not later than the 90th day following the Termination Date, or such shorter redemption period set out in the relevant DSU Agreement (the "**DSU Redemption Deadline**"), by providing a written notice of settlement to the Corporation setting out the number of DSUs to be settled and the particulars regarding the registration of the Shares issuable upon settlement, if applicable (the "**DSU Redemption Notice**"). In the event of the death of an Eligible Director, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Eligible Director.
- (2) If a DSU Redemption Notice is not received by the Corporation on or before the DSU Redemption Deadline, the Eligible Director shall be deemed to have delivered a DSU Redemption Notice on the DSU Redemption Deadline and, if not otherwise set out in the DSU Agreement, the Board shall determine the number of DSUs to be settled by way of Shares, the Cash Equivalent or a combination of Shares and the Cash Equivalent and delivered to the Eligible Director, administrator or liquidator of the estate of the Eligible Director, as applicable.

- (3) Subject to Section 8.5 and the DSU Agreement, settlement of DSUs shall take place promptly following the Corporation's receipt or deemed receipt of the DSU Redemption Notice through:
- (a) in the case of settlement DSUs for their Cash Equivalent, delivery of bank draft, certified cheque, wire transfer or other acceptable form of payment to the Eligible Director representing the Cash Equivalent;
 - (b) in the case of settlement of DSUs for Shares, delivery of a Share to the Eligible Director; or
 - (c) in the case of settlement of DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

ARTICLE 5 - SHARE UNITS

Section 5.1 Nature of Share Units.

A Share Unit is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

Section 5.2 Share Unit Awards.

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time, in its sole discretion, (a) designate the Eligible Participants who may receive RSUs and/or PSUs under the Plan, (b) fix the number of RSUs and/or PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs and/or PSUs shall be granted, and (c) determine the relevant conditions and vesting provisions (including, in the case of PSUs, the applicable Performance Period and Performance Criteria, if any) of such RSUs and/or PSUs, the whole subject to the terms and conditions prescribed in the Plan and in any RSU Agreement or PSU Agreement, as applicable.
- (2) Each RSU must be confirmed by an RSU Agreement that sets forth the terms, conditions and limitations for each RSU and may include, without limitation, the vesting and terms of the RSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the RSUs will comply with any provisions respecting RSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (3) Each PSU must be confirmed by a PSU Agreement that sets forth the terms, conditions and limitations for each PSU and may include, without limitation, the applicable Performance Period and Performance Criteria, vesting and terms of the PSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the PSUs will comply with any provisions respecting PSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (4) Any RSUs or PSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or in such other manner to ensure that such award is not a "salary deferral arrangement" as defined in the Tax Act (or any successor to such provisions).

- (5) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement and/or PSU Agreement, the Board shall determine whether each RSU and/or PSU awarded to a Participant shall entitle the Participant, net of any applicable taxes in accordance with Section 8.5:
- (a) to receive one Share issued from treasury;
 - (b) to receive the Cash Equivalent of one Share;
 - (c) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on settlement;
 - (d) to elect to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares; or
 - (e) to receive one Share purchased on the open market for the Participant, through a Broker. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Participant, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Participant is entitled and the Broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Participant, on the TSX (or other stock exchange on which the Shares are listed or traded).
- (6) The applicable settlement period in respect of a particular Share Unit shall be determined by the Board. Except as otherwise provided in the Award Agreement or any other provision of the Plan, all vested RSUs and PSUs shall be settled as soon as practicable following the Share Unit Vesting Determination Date (as defined in Section 5.4) but in all cases prior to: (a) three (3) years following the date of grant of Share Unit, if such Share Unit are settled by payment of Cash Equivalent or Shares purchased on the open market, or (b) five (5) years following the date of grant of Share Unit, if such Share Unit are settled by issuance of Shares from treasury. Following the receipt of such settlement, the PSUs and RSUs so settled shall be of no value whatsoever and shall be removed from the Participant's Account.

Section 5.3 Performance Criteria and Performance Period Applicable to PSU Awards.

- (1) For each award of PSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the PSUs held by such Participant (the "**Performance Period**").
- (2) For each award of PSUs, the Board shall establish any Performance Criteria and other vesting conditions for a Participant to be entitled to receive Shares in exchange for his or her PSUs.

Section 5.4 Share Unit Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU and/or PSU have been met (the "**Share Unit Vesting Determination Date**"), and as a result, establishes the number of RSUs and/or PSUs that become vested, if any.

ARTICLE 6 - GENERAL CONDITIONS

Section 6.1 General Conditions applicable to Awards.

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment and Consulting Services** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ or in a consulting services role in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) **No Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares.
- (3) **Conformity to Plan** - In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Transfers** - A Participant may not transfer or assign an Award, including by operation of law, except:
 - (a) to a RRIF, RRSP or TFSA, of which the Participant is and remains the annuitant;
 - (b) to a corporation, of which the Participant is and remains the sole shareholder;
 - (c) to the Participant from the transferee of an Award described in under paragraphs (a) and (b); and
 - (d) on the death of the Participant, by will or applicable laws of succession.

A Participant must give prior written notice to the Corporation for any transfer under paragraphs (a), (b) and (c).
- (5) **Exercise of Awards** - Awards may be exercised only by:
 - (a) the Participant to whom the Awards were granted;
 - (b) the transferee of an Award described in Sections (a) and (b);
 - (c) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant,

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Award.
- (6) **No Guarantee** - For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any Awards in the future nor shall it entitle the Participant to receive future grants. No amount will be paid to or in respect of a Participant under the Plan or pursuant to any other arrangement, and no Awards will be granted to such Participant to

compensate for any downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon or in respect of the Participant for such purpose.

- (7) **Acceptance of Terms** - Participation in the Plan by any Participant shall be construed as acceptance of the terms and conditions of the Plan by the Participant and as to the Participant's agreement to be bound thereby.

Section 6.2 Dividend Share Units.

When dividends (other than stock dividends) are paid on Shares, Participants shall receive additional DSUs, RSUs and/or PSUs, as applicable ("**Dividend Share Units**") as of the dividend payment date. The number of Dividend Share Units to be granted to the Participant shall be determined by multiplying the aggregate number of DSUs, RSUs and/or PSUs, as applicable, held by the Participant on the relevant record date by the amount of the dividend paid by the Corporation on each Share, and dividing the result by the Market Value on the dividend payment date, which Dividend Share Units shall be in the form of DSUs, RSUs and/or PSUs, as applicable. Dividend Share Units granted to a Participant in accordance with this Section 6.2 shall be subject to the same vesting conditions and settlement terms as applicable to the related DSUs, RSUs and/or PSUs in accordance with the respective Award Agreement.

Section 6.3 Unfunded Plan.

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

ARTICLE 7 - ADJUSTMENTS AND AMENDMENTS

Section 7.1 Adjustment to Shares Subject to Outstanding Awards.

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion, subject to the approval of any applicable Regulatory Authority and provided the adjustments are not adverse to the Participants, may deem appropriate to reflect such change (for the purpose of preserving the value of the Awards), with respect to (a) the number or kind of Shares or other securities reserved for issuance pursuant to the Plan; (b) the number or kind of Shares or other securities subject to unexercised Awards previously granted and the exercise price of those Awards provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares. The existence of any Awards does not affect in any way the right or power of the Corporation or an Affiliate or any of their respective shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the capital structure or the business of, or any amalgamation, merger or consolidation involving, to create or issue any bonds, debentures, shares or other securities of, or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of or any sale or transfer of all or any part of the assets or the business of, or to effect any other corporate act or proceeding relating to, whether of a similar character or otherwise, the Corporation or such Affiliate, whether or not any such action would have an adverse effect on the Plan or any Award granted hereunder.

Section 7.2 Amendment or Discontinuance of the Plan.

- (1) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Award granted under the Plan and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:

- (a) not materially adversely alter or impair any Award previously granted except as permitted by the terms of the Plan or upon the consent of the applicable Participant(s); and
 - (b) be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Corporation and of the TSX or any other stock exchange upon which the Corporation has applied to list its Shares.
- (2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights awarded or granted under the Plan remain outstanding and, notwithstanding the termination of the Plan, the Board will have the ability to make such amendments to the Plan or the Awards as they would have been entitled to make if the Plan were still in effect.
- (3) Subject to Section 7.2(4), the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Plan or any Award that do not require the approval of shareholders under Section 7.2(1) which may include but are not limited to:
 - (a) a change to the vesting provisions of this Plan and any Award granted under the Plan;
 - (b) a change to the provisions governing the effect of termination of a Participant's employment, contract or office;
 - (c) a change to accelerate the date on which any Award may be exercised under the Plan;
 - (d) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of any exchange upon which the securities of the Corporation are then listed or any other Regulatory Authority;
 - (e) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
 - (f) any amendment regarding the administration of the Plan; or
 - (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX or any other stock exchange upon which the Corporation has applied to list its Shares.
- (4) Notwithstanding the foregoing or any other provision of the Plan, shareholder approval is required for the following amendments to the Plan:
 - (a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to Awards granted under the Plan, other than an adjustment pursuant to Section 7.1;
 - (b) any reduction in the exercise price of an Award including cancellation and reissuance of an Award, except in the case of an adjustment pursuant to Section 7.1;
 - (c) any extension of the Expiration Date of an Award, except in case of an extension due to a Black-Out Period;
 - (d) any amendment to remove or to exceed the insider participation limit set out in Section 2.5;

- (e) any amendment to remove or to exceed the Eligible Director limits set out in Section 2.4(1) or Section 2.4(4);
- (f) any amendment to Section 6.1(4); and
- (g) any amendment to Section 7.2(3) or Section 7.2(4) of the Plan.

Section 7.3 Change of Control.

- (1) Despite any other provision of the Plan, but subject to Section 7.2(3), in the event of a Change of Control, all unvested Awards then outstanding will, as applicable, be substituted by or replaced with awards of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "**continuing entity**") on the same terms and conditions as the original Awards, subject to appropriate adjustments that do not diminish the value of the original Awards.
- (2) If, upon a Change of Control, the continuing entity fails to comply with Section 7.3(1), the vesting of all then outstanding Awards (and, if applicable, the time during which such Awards may be exercised) will be accelerated in full.
- (3) No fractional Shares or other security will be issued upon the exercise of any Award and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Share or other security, such participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) Despite anything else to the contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Awards to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board has the power, in its sole discretion, to accelerate the vesting of Awards and to permit Participants to conditionally exercise their Awards, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 7.3(4) is not completed within the time specified (as the same may be extended), then despite this Section 7.3(4) or the definition of "Change of Control", (a) any conditional exercise of vested Awards will be deemed to be null, void and of no effect, and such conditionally exercised Awards will for all purposes be deemed not to have been exercised, and (b) Awards which vested pursuant to this Section 7.3(4) will be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares and the original terms applicable to such Awards will be reinstated.
- (5) If the Board has, pursuant to the provisions of Section 7.3(4) permitted the conditional exercise of Awards in connection with a potential Change of Control, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control and on such terms as it sees fit, any Awards not exercised (including all vested and unvested Awards).

ARTICLE 8 - MISCELLANEOUS

Section 8.1 Currency.

Unless otherwise specifically provided, all references to dollars in the Plan are references to Canadian dollars.

Section 8.2 Sub-Plans.

The Board may, from time to time, establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board will establish such sub-plans by adopting supplements to this Plan containing (a) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable, or (b) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction and the Corporation will not be required to provide copies of any supplements to Participants in any jurisdiction which is not subject to such supplement.

Section 8.3 Compliance and Award Restrictions.

- (1) The Corporation's obligation to issue and deliver Shares under any Award is subject to: (a) the completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (b) the admission of such Shares to listing on any stock exchange on which such Shares may then be listed; and (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. The Corporation shall take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which such Shares are then listed.
- (2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Awards will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Corporation.
- (4) The Corporation is not obliged by any provision of the Plan or the grant of any Award under the Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals.
- (5) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate and, if applicable, any funds paid to the Corporation in connection with the exercise of any Options will be returned to the applicable Participant as soon as practicable.
- (6) At the time a Participant ceased to hold Awards which are or may become exercisable, the Participant ceases to be a Participant.

- (7) Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or any other Person, subject to any required regulatory, shareholder or other approval.

Section 8.4 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

Section 8.5 Tax Withholding.

- (1) Notwithstanding any other provision of the Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 8.4 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Corporation shall not be required to issue any Shares or make payments under this Plan until arrangements satisfactory to the Corporation have been made for payment of all applicable withholdings obligations.
- (2) The sale of Shares by the Corporation, or by a Broker, under Section 8.5(1) or under any other provision of the Plan will be made on the TSX (or any other stock exchange on which the Shares are listed or posted for trading). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the 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 (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale. The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Award and/or transactions in the Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under the Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.
- (4) Notwithstanding Section 8.5(1), the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

Section 8.6 Reorganization of the Corporation.

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 8.7 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 8.8 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Corporation and a Participant, including without limitation, the personal legal representatives of a Participant, or any receiver or trustee in bankruptcy or representative of the Corporation's or Participant's creditors.

Section 8.9 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Section 8.10 No Liability.

No member of the Board, or any committee or other subdelegate shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.

Section 8.11 Effective Date of the Plan.

The Plan was approved by the Board and shall take effect on May 17, 2021.

**SCHEDULE A
FORM OF ELIGIBLE DIRECTOR DSU AWARD AGREEMENT**

**CANACOL ENERGY LTD.
DSU AWARD AGREEMENT**

This DSU Award Agreement (this "**Agreement**"), dated as of ●, is made by and between Canacol Energy Ltd. (the "**Corporation**") and ● (the "**Grantee**").

WHEREAS, the Corporation has adopted the Omnibus Long-Term Incentive Plan (as may be amended from time to time, the "**Plan**");

AND WHEREAS, the Board has determined that the directors of the Corporation may elect to receive a portion of his or her then current annual Board compensation in the form of a grant of DSUs (as defined in the Plan) in each fiscal year (the "**Director's Remuneration**").

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and for their successors and assigns, hereby agree as follows:

1. **Grant of DSUs.**

- (a) **Grant.** The portion or percentage of the Director's Remuneration credited as DSUs for the fiscal year shall be determined on the first business day following the last day of each fiscal quarter of such fiscal year for which the Grantee's Director's Remuneration is payable and with respect to which such deferral election, if any, is effective (with respect to each such quarter, the "**Date of Grant**"), and shall equal a number of DSUs, rounded down to the nearest whole number, determined by dividing the dollar amount of such Director's Remuneration so deferred for such quarter by the Market Value (as defined in the Plan) of one Share as of such Date of Grant. All DSUs to be credited to the Grantee shall be subject to the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. DSUs shall be credited to a separate book-entry account maintained on the books of the Corporation for the Grantee.
- (b) **Incorporation by Reference, Etc.** The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules, and regulations promulgated by the Board from time to time pursuant to the Plan. In the event of any inconsistency or conflict between the provisions of the Plan and any this Agreement, the provisions of the Plan shall prevail. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and his or her legal representatives in respect of any questions arising under the Plan or this Agreement.

2. **Vesting; Forfeiture.** ●.

3. **Performance Criteria.** ●.

4. **Settlement.** The Corporation shall settle the DSUs granted hereunder as soon as possible after receiving or being deemed to receive a DSU Redemption Notice, at which time the Corporation shall, subject to any required tax withholding and the execution of any required documentation, deliver to the Grantee [the Cash Equivalent (as defined in the Plan) of] one (1) Share for each DSU (and, upon such settlement, the DSUs shall cease to be credited to the Grantee's account) less an

amount equal to any federal and provincial income and employment taxes required to be withheld. Such settlement will occur not later than the 90th day following the Termination Date.

5. **Method of Electing to Defer Director's Remuneration.** Unless otherwise permitted or determined by the Board, to elect to receive DSUs, the Grantee shall complete and deliver to the Corporation a written election. The Grantee's written election shall, subject to any minimum or maximum amount that may be determined by the Board from time to time, designate the portion or percentage of the Director's Remuneration to be paid in the form of DSUs, with the remaining portion or percentage to be paid in cash in accordance with the Corporation's regular practices of paying such cash compensation. In the absence of a designation to the contrary, the Grantee's election shall continue to apply to all subsequent Director's Remuneration payments until the Grantee submits another written election in accordance with this paragraph. A Grantee shall only file one election no later than the last day of the fiscal year preceding the fiscal year in respect of which the Director's Remuneration becomes payable and the election shall be irrevocable for that fiscal year.
6. **Tax Withholding.** The Corporation shall be entitled to require, as a condition to the payment of any cash in settlement of the DSUs granted hereunder, that the Grantee remit an amount in cash or other property having a value sufficient to satisfy all federal and provincial or other applicable withholding taxes relating thereto. In addition, the Corporation shall have the right and is hereby authorized to withhold from the cash otherwise deliverable upon settlement of the DSUs, or from any compensation or other amount owing to the Grantee, the amount (in cash or, in the discretion of the Corporation, other property) of any applicable withholding taxes in respect of the settlement of the DSUs and to take such other action as may be necessary in the discretion of the Corporation to satisfy all obligations for the payment of such taxes.
7. **Compliance with Legal Requirements.** The granting and settlement of the DSUs, and any other obligations of the Corporation under this Agreement, shall be subject to all applicable federal and provincial laws, rules, and regulations and to such approvals by any regulatory or governmental agency (including stock exchanges) as may be required. The Board shall have the right to impose such restrictions on the DSUs as it deems reasonably necessary or advisable under applicable securities laws and the rules and regulations of the TSX.
8. **Miscellaneous.**
 - (a) **Transferability.** The DSUs are non-transferable or assignable except in accordance with the Plan.
 - (b) **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
 - (c) **Entire Agreement.** This Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
 - (d) **Successors and Assigns.** This DSU Agreement shall bind and enure to the benefit of the Grantee and the Corporation and their respective successors and permitted assigns.
 - (e) **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.

- (f) **Governing Law.** This Agreement and the DSUs shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (g) **Counterparts.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Grantee represents, warrants and acknowledges that the Grantee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of DSUs voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates.

IN WITNESS WHEREOF the parties hereof have executed this Agreement as of the ____ day of _____ 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

**SCHEDULE B
FORM OF OPTION AGREEMENT**

**CANACOL ENERGY LTD.
OPTION AGREEMENT**

This Stock Option Agreement (the "**Option Agreement**") is granted by Canacol Energy Ltd. (the "**Corporation**"), in favour of the optionee named below (the "**Optionee**") pursuant to and on the terms and subject to the conditions of the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the "**Option**"), in addition to those terms set forth in the Plan, are as follows:

1. **Optionee**. The Optionee is ●.
2. **Number of Shares**. The Optionee may purchase up to ● Shares of the Corporation (the "**Option Shares**") pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.
3. **Exercise Price**. The exercise price is Cdn \$● per Option Share (the "**Exercise Price**").
4. **Date Option Granted**. The Option was granted on ●.
5. **Expiry Date**. The Option terminates on ●. (the "**Expiry Date**").
6. **Vesting**. The Option to purchase Option Shares shall vest and become exercisable as follows:
●
7. **Exercise of Options**. In order to exercise the Option, the Optionee shall notify the Corporation in the form annexed hereto as Appendix I, pay the Exercise Price to the Corporation as required by the Plan, whereupon the Optionee shall be entitled to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Corporation.
8. **Transfer of Option**. The Option is not-transferable or assignable except in accordance with the Plan.
9. **Inconsistency**. This Option Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.
10. **Severability**. Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
11. **Entire Agreement**. This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

12. **Successors and Assigns.** This Option Agreement shall bind and enure to the benefit of the Optionee and the Corporation and their respective successors and permitted assigns.
13. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
14. **Governing Law.** This Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
15. **Counterparts.** This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Optionee represents, warrants and acknowledges that the Optionee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of Options voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Agreement, the Optionee specifically represents, warrants and acknowledges that the Optionee has read and understood the terms and conditions set out in Section 2.6 and the definitions of "active employment" and "Termination Date" of which (i) state that the Optionee shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Optionee's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Optionee's entitlements under this Agreement or the Plan. By accepting and executing this Agreement, the Optionee further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Optionee's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the ____ day of _____, 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

**APPENDIX I
CANACOL ENERGY LTD.**

ELECTION TO EXERCISE STOCK OPTIONS

TO: CANACOL ENERGY LTD. (the "Corporation")

The undersigned Optionee hereby elects to exercise Options granted by the Corporation to the undersigned pursuant to an Option Agreement dated _____, 20__ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired: _____

Exercise Price (per Share): Cdn.\$ _____

Aggregate Purchase Price: Cdn.\$ _____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount): Cdn.\$ _____

☐ Or check here if alternative arrangements have been made with the Corporation.

and hereby tenders a bank draft, certified cheque, wire transfer or other form of payment confirmed as acceptable by the Corporation for such aggregate purchase price, and, if applicable, all source deductions, and directs such Shares to be registered in the name of _____.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this _____ day of _____, ____.

Signature of Participant

Name of Participant (Please Print)

**APPENDIX I
CANACOL ENERGY LTD.**

SURRENDER NOTICE

TO: CANACOL ENERGY LTD. (the "**Corporation**")

The undersigned Optionee hereby elects to surrender _____ Options granted by the Corporation to the undersigned pursuant to an Award Agreement dated _____, 20__ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**") in exchange for Shares or cash as calculated in accordance with Section 3.7(3) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount):

Cdn.\$ _____

☐ Or check here if alternative arrangements have been made with the Corporation.

Please issue a certificate or certificates representing the Shares in the name of _____

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this _____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

SCHEDULE C
FORM OF RSU / PSU AGREEMENT

CANACOL ENERGY LTD.
[RSU / PSU] GRANT AGREEMENT

This [RSU / PSU] grant agreement ("**Grant Agreement**") is entered into between Canacol Energy Ltd. (the "**Corporation**") and the Participant named below (the "**Recipient**") of the [RSUs / PSUs] ("**Units**") pursuant to the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

The terms of the Units, in addition to those terms set forth in the Plan, are as follows:

1. **Recipient.** The Recipient is ●.
2. **Grant of [RSUs / PSUs].** The Recipient is granted ● Units.
3. **Vesting.** ●.
4. **Performance Criteria.** ●.
5. **Settlement.** The Units shall be settled as follows: ●
6. **Date of Grant.** The Units were granted to the Recipient on ●.
7. **Transfer of Units.** The Units are non-transferable or assignable except in accordance with the Plan.
8. **Inconsistency.** This Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Grant Agreement and the Plan, the terms of the Plan shall govern.
9. **Severability.** Wherever possible, each provision of this Grant Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Grant Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Grant Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
10. **Entire Agreement.** This Grant Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
11. **Successors and Assigns.** This Grant Agreement shall bind and enure to the benefit of the Recipient and the Corporation and their respective successors and permitted assigns.
12. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
13. **Governing Law.** This Grant Agreement and the Units shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

14. **Counterparts.** This Grant Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Recipient represents, warrants and acknowledges that the Recipient (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of Options voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Agreement, the Recipient specifically represents, warrants and acknowledges that the Recipient has read and understood the terms and conditions set out in Section 2.6 and the definitions of "active employment" and "Termination Date" of which (i) state that the Recipient shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Recipient's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Recipient's entitlements under this Agreement or the Plan. By accepting and executing this Agreement, the Recipient further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Recipient's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the ____ day of _____, 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

SCHEDULE B

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, entitled “Disclosure of Corporate Governance Practices” (“**NI 58-101**”) requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 (“**Form 58-101F1 Disclosure**”).

Set out below is a description of the Corporation’s current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. Board of Directors

(a) Disclose the identity of directors who are independent.

The following six directors of the Corporation are independent (for purposes of NI 58-101):

Michael Hibberd
David Winter
Gregory Elliott
Francisco Diaz
Gonzalo Fernández-Tinoco
Ariel Merenstein

(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Charle Gamba is not independent as he is the President and Chief Executive Officer of the Corporation. Juan Argento is not independent as he is a Managing Director at Horizon Capital, a firm that received consulting fees from the Corporation prior to his appointment to the Board.

(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

A majority of the current directors of the Corporation (six of the eight) are independent. All of the current directors of the Corporation are being nominated for election to the Board at the Meeting. Assuming all of the proposed director nominees are elected at the Meeting, a majority of the directors of the Corporation (six of the eight) will be independent.

- (d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

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

Director	Other Reporting Issuers
Charle Gamba	Horizon Petroleum Ltd. Pieridae Energy Limited
Michael Hibberd	Pan Orient Energy Corp. PetroFrontier Corp. Sunshine Oilsands Ltd.
David Winter	Horizon Petroleum Ltd.

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. 19 meetings of independent directors were held during the financial year ended December 31, 2021. In addition, other meetings of the independent directors may be held from time to time if required.

- (f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

Michael Hibberd is the current Chairman of the Board and is an independent director. In accordance with the mandate of the Chairman, the Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and is to, among other things, oversee all aspects of Board direction and administration, provide leadership to the Board and foster ethical and responsible decision making. The Chairman is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

(g) **Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for meetings and committee meetings held during the financial year ended December 31, 2021 was as follows:

Name	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Governance and Nominating Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held	ESG Committee Meetings Attended / Held
Charle Gamba	19/19	N/A	3/3	N/A	N/A	2/2
Michael Hibberd	19/19	4/4	N/A	2/2	10/10	2/2
David Winter	19/19	N/A	3/3	2/2	10/10	2/2
Gregory Elliott	17/19	N/A	3/3	1/1 ⁽¹⁾	N/A	1/1 ⁽¹⁾
Francisco Diaz	17/19	4/4	N/A	2/2	N/A	1/1 ⁽²⁾
Gonzalo Fernández-Tinoco	19/19	4/4	N/A	2/2	N/A	1/1 ⁽³⁾
Ariel Merenstein	19/19	4/4	N/A	N/A	10/10	N/A
Juan Argento	15/15 ⁽⁴⁾	N/A	N/A	N/A	8/8 ⁽⁴⁾	1/1 ⁽⁴⁾

Notes:

- (1) Mr. Elliott was appointed to the Governance and Nominating Committee and the ESG Committee on March 11, 2021.
- (2) Mr. Diaz was appointed to the ESG Committee on March 11, 2021.
- (3) Mr. Fernández-Tinoco was appointed to the ESG Committee on March 11, 2021.
- (4) Mr. Argento was appointed to the Board effective February 11, 2021 and was appointed to the Compensation Committee and the ESG Committee on March 11, 2021.

2. Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of the Board is attached hereto as Appendix "A".

3. Position Descriptions

- (a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Chairman and for the Chair of each of the Audit Committee, Compensation Committee, Governance and Nominating Committee, ESG Committee and Reserves Committee.

- (b) **Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The Board, with the input of the President and Chief Executive Officer of the Corporation, has developed a written position description for the President and Chief Executive Officer.

4. Orientation and Continuing Education

- (a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

With the exception of an external mandatory ESG training program required of all Board members and the executives, no formal continuing education program currently exists for the directors of the Corporation. The Corporation encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

5. Ethical Business Conduct

- (a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

The Corporation has adopted a Code of Ethics and Business Conduct for directors, officers and employees (the “Code”).

- (i) **disclose how a person or company may obtain a copy of the code;**

Each director, officer and employee of the Corporation has been provided with a copy of the Code and a copy of the Code may be obtained from Jason Bednar, Chief Financial Officer of the Corporation, at (403) 561-1648.

- (ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code by requiring that each of the employees and consultants of the Corporation affirm in writing on an annual basis his or her agreement to abide by the Code, his or her ethical conduct during the year and disclosure with respect to any conflicts of interest. In addition, management is required to provide reports on compliance with the Code to the Board on a regular basis.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

- (b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a “Whistleblower Policy” wherein employees and consultants of the Corporation are provided with the mechanisms by which they may raise concerns through a confidential and anonymous process with respect to falsification of financial records, unethical conduct, harassment, and theft.

6. Nomination of Directors

(a) Describe the process by which the board identifies new candidates for board nomination.

The Governance and Nominating Committee has the responsibility to review with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board and any perceived needs. The Governance and Nominating Committee also has the responsibility to assist the Board with identifying individuals qualified to become new directors of the Corporation and recommending to Board the new director nominees for the next annual general meeting of shareholders. The following is an outline of the process for nomination of candidates for election to the Board:

- (i) the Chairman or CEO, the Governance and Nominating Committee or other members of the Board identify the need to add new Board members, with careful consideration of the mix of qualifications, skills and experience represented on the Board;
- (ii) the Governance and Nominating Committee coordinates the search for qualified candidates with input from management and other Board members;
- (iii) the Governance and Nominating Committee engages a candidate search firm to assist in identifying potential nominees, if it deems such engagement necessary and appropriate;
- (iv) selected members of management and the Board will interview prospective candidates; and
- (v) the Governance and Nominating Committee will recommend a nominee and seek full Board endorsement of the selected candidate, based on its judgment as to which candidate will best serve the interests of the Corporation's shareholders. The Governance and Nominating Committee considers any candidates submitted by shareholders in accordance with the by-laws of the Corporation on the same basis as any other candidate.

In addition to the requirements of the Diversity Policy (as defined below), the Governance and Nominating Committee shall ensure the Board and any recommendations for new nominee directors to the Board comply with the following requirements:

- (i) Each director should possess the following minimum qualifications:
 - A. the highest personal and professional ethics, integrity and values;
 - B. commitment to representing the long-term interest of the shareholders;
 - C. broad experience at the policy-making level in business, government, education, ESG, technology or public interest; and
 - D. sufficient time to effectively fulfill duties as a Board member.
- (ii) The Governance and Nominating Committee will endeavor to recommend qualified individuals to the Board who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Corporation.

Pursuant to the mandate of the Governance and Nominating Committee, it is to be comprised of at least three directors of the Corporation and all of such members shall be independent. The Board is from time to time to designate one of the members of the Governance and Nominating Committee to be the Chair of the Governance and Nominating Committee. The Chairman of the Governance and Nominating Committee is Gonzalo Fernández-Tinoco.

The Governance and Nominating Committee meets at least two times per year and at such other times as the Chairman of the Governance and Nominating Committee determines.

- (b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Governance and Nominating Committee is comprised of five independent directors.

- (c) **If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a) above.

7. Compensation

- (a) **Describe the process by which the board determines the compensation for the issuer's directors and officers.**

See "INFORMATION CONCERNING THE CORPORATION – Statement of Executive Compensation – Compensation Discussion and Analysis" in respect of the officers of the Corporation and "INFORMATION CONCERNING THE CORPORATION – Director Compensation" in respect of the directors of the Corporation.

- (b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

The Compensation Committee is comprised of three independent directors and one non-independent director.

- (c) **If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee has the responsibility for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation. As part of the mandate and responsibility of the Compensation Committee, it is responsible for formulating and making recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (i) reviewing and making recommendations with respect to the Corporation's overall human resources and compensation strategies including incentive-based and equity-based compensation plans and any material changes therein;
- (ii) developing and making recommendations to the Board with respect to the appropriate compensation strategy for the non-executive members of the Board and annually reviewing the adequacy and form of the compensation strategy of non-executive directors to ensure that it properly aligns the interests of directors with the long-term interests of the Corporation and shareholders and that it realistically reflects the responsibilities and risks involved in being an effective director of the Corporation. The Compensation Committee shall report and make recommendations to the Board accordingly;
- (iii) assisting the Board with the selection and appointment of the CEO of the Corporation;
- (iv) providing oversight to the appointment and termination of other executive officers of the Corporation;
- (v) developing recommendations for the Board's approval of the framework or broad policy for the compensation of the CEO and other executive officers (including base compensation, short and long-term incentive-based compensation, equity-based-plans, benefit plans, pension and other retirement benefits);

- (vi) considering and making recommendations to the Board in respect of the terms of the service contracts of the CEO and other executives and any proposed changes to these contracts and ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Corporation, that poor performance is not rewarded and that the duty to mitigate loss is fully recognized;
- (vii) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on this evaluation;
- (viii) monitoring the performance of other executive officers versus the approved strategies and objectives and provide oversight to the determination of the compensation of executive officers particularly with respect to incentive-based and equity-based compensation plans;
- (ix) as part of the annual review of the performance of the CEO and other executive officers, satisfying itself as to the integrity of the executive officers and the contribution of the executive officers in creating a culture of integrity throughout the organization, and reporting those determinations to the Board;
- (x) reviewing of executive compensation disclosure before the Corporation publicly discloses such information; and
- (xi) assisting the Board in overseeing that succession planning programs are in place, including programs to appoint, set objectives, train, develop and monitor the performance of the officers and other key employees of the Corporation.

Pursuant to the mandate of the Compensation Committee, it is to be comprised of at least three independent directors of the Corporation. The Board is from time to time to designate one of the members of the Compensation Committee to be the Chair of the Compensation Committee. The Chairman of the Compensation Committee is David Winter.

The Compensation Committee meets at least two times per year and at such other times as the Chairman of the Compensation Committee determines.

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

In addition to its responsibilities with respect to nominating matters as described above, the Governance and Nominating Committee also has the following duties with respect to corporate governance matters:

- (a) assisting the Board in establishing and monitoring the Corporation's corporate governance policies and practices to ensure they comply with applicable rules or guidelines provided by the securities regulators;
- (b) preparing the Corporation's response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Corporation's governance system and policies and the recommended governance standards by securities regulators;
- (c) proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities as well as changes in the Corporation's business environment and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;
- (d) assisting the Board with an annual review of the Board and committee structure;
- (e) ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as directors of the Corporation;

- (f) ensuring that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure as well as its communication and confidentiality requirements;
- (g) ensuring that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business;
- (h) developing and monitoring the Corporation's policies relating to trading in securities of the Corporation by insiders;
- (i) annually reviewing areas of potential personal liability of directors and ensuring reasonable protective measures are in place;
- (j) causing the Board to annually review its definition of an "independent" director and establishing formal processes for determining the independence of the Board members as well as dealing with conflict of interest situations;
- (k) developing written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;
- (l) overseeing the development of terms of references for the committees of the Board and reviewing, or arranging for the review by appropriate committees, of such terms of references on an annual basis, and, in consultation with the other committees as appropriate, making recommendations to the Board as to changes to improve such terms of references;
- (m) developing clear position descriptions for the Chairman of the Board and the chair of each Board committee, and together with the CEO, developing a clear position description for the CEO, delineating roles and responsibilities between the Board and the executive officers;
- (n) assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- (o) developing a comprehensive orientation and continuing education program for all directors;
- (p) monitoring the process for developing annual meeting planners for the Board and its committees to ensure compliance with the requirements of the Board's mandate and the committees' terms of references, respectively;
- (q) developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation;
- (r) assisting the Board with the disclosure of the Corporation's corporate governance policies and practices in the Corporation's disclosure documents; and
- (s) implementing the majority voting policy for the election of uncontested directors and disclose the Corporation's approach to the election and resignation of directors in public disclosure documents.

In addition to the Audit, Compensation and Governance and Nominating Committees, the Corporation has established a Reserves Committee and the ESG Committee.

Reserves Committee

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51 -101**”), including:

- (a) review, with reasonable frequency, the procedures relating to the disclosure of information with respect to reserves and related oil and gas activities and the procedures for complying with the disclosure requirements and restrictions of NI 51-101;
- (b) review the appointment of the independent evaluator (“**Independent Evaluator**”) under NI 51-101 and in the case of any proposed changes in such appointment, determine the reasons for the proposed changes and whether there have been disputes between the appointed Independent Evaluator and management;
- (c) in order to preserve the independence of the Independent Evaluator:
 - (i) recommend to the Board the Independent Evaluator to be engaged after considering their expertise, qualifications and independence;
 - (ii) recommend to the Board the compensation of the Independent Evaluator; and
 - (iii) meet with the Independent Evaluator in camera to discuss any issues arising from the evaluation process and their interaction with management;
- (d) review the scope of the annual review of the reserves by the Independent Evaluator considering industry practice and regulatory requirements;
- (e) evaluate the performance of the Independent Evaluator;
- (f) review, with reasonable frequency, the Corporation’s procedures for providing information to the Independent Evaluator who reports on reserves data (as defined in NI 51-101 and hereinafter referred to as “**Reserves Data**”) for the purposes of NI 51-101;
- (g) before approving the filing of the Reserves Data and the annual filings required by NI 51-101, meet with management and the Independent Evaluator in order to (i) determine whether any restrictions placed by management affect the ability of the Independent Evaluator to report on the Reserves Data without reservation; and (ii) review the Reserves Data and the report of the Independent Evaluator thereon;
- (h) review the annual filings required by NI 51-101 (“**Annual Filings**”) and recommend approval of the contents and the filing of the Annual Filings to the Board;
- (i) review all disclosure made by or on behalf of the Corporation, which the Corporation knows or ought reasonably to know, is or will become available to the public and any document filed with a securities regulatory authority to ensure compliance with NI 51-101;
- (j) review with management press releases, as well as the substance of oil and gas reserves information provided to analysts and ratings agencies, which discussions may be general discussions of the type of information to be disclosed or the type of presentation to be made; and
- (k) consider and review with management, outside counsel, as appropriate, and, in the judgment of the Reserve Committee, such special counsel and other consultants and advisors as the Reserve Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation’s oil and gas reserves.

ESG Committee

The ESG Committee serves as an independent and objective party to monitor the integrity and quality of Canacol's ESG strategy and ensure that the strategy is integrated into its business plan, corporate values and objectives and serves to foster a culture of responsibility and transparency including:

- (a) assist the Board in establishing and monitoring the Corporation's ESG policies and practices;
- (b) propose changes as necessary from time to time to respond to ESG recommendations or guidelines from authorities or investors as well as changes in the Corporation's business environment;
- (c) assist the Board with an annual review of the Board and Committee structure;
- (d) ensure that the Corporation has in effect adequate policies and procedures to identify and manage the principal ESG risks of the Corporation's business;
- (e) review the main challenges the Corporation faces in ESG;
- (f) review and approve material ESG disclosure;
- (g) review and approve the external party assurance process and report.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Corporation has a formal process in place for assessing the Board, its committees and individual Board members. As part of such process, each Board member is required to complete, on an annual basis, an interview with either the Chairman of the Board or the Governance and Nominating Committee or a detailed questionnaire related to the performance of the Board, its committees and the members thereof.

In addition, the Corporation engages an outside consultant to perform an assessment of the Board, its committees and individual Board members every 12 months. The most recent assessment was performed in May 2022.

10. Director Term Limits and Other Mechanisms of Board Renewal.

The Corporation's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Corporation to the Chairman of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of shareholders of the Corporation. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant.

When considering nominees for the Board, the Governance and Nominating Committee reviews the skills and experience of the current directors with the objective of recommending a group of directors that can best perpetuate the Corporation's success and represent shareholder interests through the exercise of sound judgment and the application of its diversity of experience. The Governance and Nominating Committee also considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. In addition, the Governance and Nominating Committee also assesses the knowledge, experience, and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Governance and Nominating Committee also considers whether the individual will enhance the diversity of views and experiences available to the Board in its deliberations.

11. Policies Regarding the Representation of Women on the Board.

The Corporation does not have a written policy relating solely to the identification and nomination of female directors. However, the Board has adopted a written discrimination and diversity policy (the “**Diversity Policy**”) that recognizes and embraces the benefits of having a diverse Board with a mix of skills, regional and industry experience, background, race, gender and other distinctions, which the Board believes is more appropriate than a separate written policy focused on gender diversity. All appointments to the Board are made on merit, in the context of the skills and experience of the Board, as a whole, requires to be effective. The Governance and Nominating Committee oversees the conduct of the annual review of Board effectiveness and monitors compliance with the Diversity Policy.

12. Consideration of the Representation of Women in the Director Identification and Selection Process.

Pursuant to the Diversity Policy, diversity (including the representation of women on the Board and the executive officer positions) is factor considered in determining the optimum composition of the Board. In identifying suitable candidates for appointment to the Board, the Governance and Nominating Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Moreover, as to gender, the Board is receptive to increasing the representation of women on the Board as turnover occurs, taking into account the skills, background, experience and knowledge desired at that particular time by the Board. As part of the annual performance evaluation of the effectiveness of the Board, committees of the Board and individual directors, the Governance and Nominating Committee considers the balance of skills, experience, independence and knowledge of the Corporation on the Board and the diversity of the Board. Although the Board is responsible for Board appointments, the Governance and Nominating Committee is consulted for potential recommendations.

13. Consideration Given to the Representation of Women in Executive Officer Appointments.

The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

14. Issuer’s Targets Regarding the Representation of Women on the Board and in Executive Officer Positions.

The Corporation has not imposed quotas or targets regarding the representation of women on the Board and in executive officer positions. The Board believes that imposing quotas or targets regarding the representation of women in executive officer positions would compromise the principles of meritocracy and its overall philosophy of equal opportunity and diversity. However, the Board does understand and appreciate the importance of gender equality and diversification and considers this when recruiting for a Board appointment or executive officer position.

15. Number of Women on the Board and in Executive Officer Positions.

Presently, the Corporation has three women, Tracy Whitmore, Vice President, Tax and Corporate Affairs, Carolina Orozco, Vice President Investor Relations and Communications, and Aurora Juan, Vice President of Development, serving in executive officer positions, representing 33% of the executive officer positions of the Corporation, and no women serving on the Board.

APPENDIX “A”

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of Canacol Energy Ltd. (the “**Corporation**”), is responsible under law to supervise the management of the business and affairs of the Corporation and its subsidiaries (collectively, “**Canacol**”). The Board has the statutory authority and obligation to protect and enhance the assets of Canacol.

The principal mandate of the Board is to oversee the management of the business and affairs of Canacol, and monitor the performance of management.

In keeping with generally accepted corporate governance practices and the recommendations contained in National Policy 58-201 — Corporate Governance Guidelines adopted by the Canadian Securities Administrators, and the requirements of any stock exchange on which the Corporation’s securities are listed, the Board assumes responsibility for the stewardship of Canacol and, as part of the overall stewardship responsibility, explicitly assumes responsibility for the following:

1. Independence

In that the Board must develop and voice objective judgment on corporate affairs, independently of the management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent and unrelated directors. Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised exclusively of outside directors and at least a majority of unrelated directors.

The Board shall establish formal processes for determining the independence of its members as well as dealing with any conflict of interest situations. Directors shall recuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.

The independent directors shall hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

Except for Directors who are also officers of the Corporation, no Director shall receive from the Corporation any compensation other than the fees to which he or she is entitled as a Director of the Corporation or a member of a committee. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors. Directors who are also officers of the Corporation shall not be entitled to receive any Directors’ fees or other compensation in respect of their duties as directors.

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance, and pursue a self-evaluation process for evaluating both overall Board performance and contributions of individual directors.

In addition, the Corporation will engage an outside consultant to perform an assessment of the Board, its committees and individual Board members every 12 months.

2. Nomination of Directors

The Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman and/or Lead Director, appointing Board committees and determining directors' compensation. While it is appropriate to confer with the management on the selection of candidates to be nominated as members of the Board, the ultimate selection shall be determined by the existing independent members of the Board.

In connection with the nomination or appointment of individuals as directors, the Board is responsible for:

- (a) Considering what competencies and skills the Board, as a whole, should possess
- (b) Assessing what competencies and skills each existing director possesses
- (c) Considering the appropriate size of the Board, with a view to facilitating effective decision making.

3. Election and Resignation of Directors

In accordance with the policies of the Toronto Stock Exchange (the "TSX"), the Board has adopted a majority voting policy in director elections that will apply at any meeting of the Corporation's shareholders where an uncontested election of directors is held. Pursuant to this policy, which was effective as of December 31, 2012, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders' meeting.

The Governance and Nominating Committee shall be responsible for implementing and maintaining the majority voting policy for the election of uncontested directors and disclose Canacol's approach to the election and resignation of directors in public disclosure documents.

4. Leadership in Corporate Strategy

The Board ultimately has the responsibility to oversee the development and approval of the mission of Canacol, its goals and objectives, and the strategy by which these objectives will be reached. In guiding the strategic choices of Canacol, the Board must understand the inherent prospects and risks of such strategic choices.

While the leadership for the strategic planning process comes from the management of Canacol, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by management as it evolves.

The Board is responsible for monitoring management's success in implementing the strategy and monitoring Canacol's progress to achieving its goals; revising and altering direction in light of changing circumstances.

The Board has the responsibility to ensure congruence between the strategic plan and management's performance.

5. Ethical Standards

The Board shall adopt a Code of Ethics and Business Conduct applicable to Directors, officers and employees of the Corporation and shall establish the appropriate "tone at the top". To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other members of senior management and that the CEO and other members of senior management create a culture of integrity throughout the organization. Any waivers from the Code that are granted for the benefit of the Corporation's directors or executive officers should be granted by the Board only.

The Board shall ensure that there are adequate procedures for it to be apprised on a timely basis and in sufficient detail of all concerns raised by employees, officers and directors of the Corporation and external parties regarding instances of misconduct including illegal or unethical behaviour, fraudulent activities, and violation of company

policies, particularly with respect to accounting, internal accounting controls or auditing matters and that such concerns are properly received, reviewed, investigated, documented and brought to an appropriate resolution.

6. Management of Risk

The Board shall understand the principal risks of all aspects of the business in which Canacol is engaged, recognizing that business decisions require the incurrence of risk. The Board is responsible for providing a balance between risks incurred and the potential returns to shareholders of the Corporation. This requires that the Board ensure that systems are in place to effectively monitor and manage risks with a view to the long-term viability of Canacol and its assets and conduct an annual review of the associated risks.

7. Approach to Corporate Governance

Canacol is committed to effective practices in corporate governance. Canacol consistently assesses and adopts corporate governance measures. The Governance and Nominating Committee shall be responsible for disclosing Canacol's approach to corporate governance in public disclosure documents.

8. Oversight of Management

As the Board functions, the Board must ensure the execution of plans and operations are of the highest caliber. The key to the effective discharge of this responsibility is the approval of the appointment of the senior officers of the Corporation and the assessment of each senior officer's contribution to the achievement of the Corporation's strategy. In this respect, performance against objectives established by the Board is important, as is a formal process for determining the senior officers' compensation, in part, by using established criteria and objectives for measuring performance.

The Board shall also develop formal Authority Guidelines delineating authority retained by the Board and authority delegated to the CEO and the other members of senior management. The Authority Guidelines shall also clearly state matters which should be presented to the Board and its Committees. These matters shall include significant changes to management structure and appointments; strategic and policy considerations; major marketing initiatives; significant agreements, contracts and negotiations; significant finance related and other general matters.

9. Succession Planning

On a regular basis, the Board shall review a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO and other key senior management positions, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills, training and planned career paths for possible successors to the CEO currently in the Corporation's senior management.

10. Expectations of Board Members

(a) Commitment and Attendance

All members of the Board should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

(b) Participation in Meetings

Each member of the Board should be sufficiently familiar with the business of Canacol, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.

(c) Financial Knowledge

One of the most important roles of the Board is to monitor financial performance. Each member of the Board must know how to read financial statements and should understand the use of financial ratios and other indices for evaluating financial performance.

(d) Other Directorships

The Corporation values the experiences Board members bring from other boards on which they serve but recognizes that those boards may also present demands on a member's time and availability, and may also present conflicts of interest or other legal issues. Members of the Board should advise the Chair of the Governance and Nominating Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

(e) Contact with Management

All members of the Board are invited to contact the CEO at any time to discuss any aspect of Canacol's business. While respecting organizational relationships and lines of communication, members of the Board have complete access to other members of management. There shall be afforded frequent opportunities for members of the Board to meet with the CEO, CFO and other members of management in Board and committee meetings and in other formal or informal settings.

(f) Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each member of the Board shall maintain the confidentiality of information received in connection with his or her services.

11. Monitoring of Financial Performance and Other Financial Reporting Matters

- (a) The Board, through the Audit Committee, shall be responsible for approving the Corporation's financial statements, Management's Discussion & Analysis, Annual Information Form and earnings press releases prior to their public disclosure
- (b) The Board shall approve the annual budget and periodically shall receive an analysis of actual results versus approved budgets.
- (c) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures as outlined in the Corporation's General Authority Guidelines.

12. Shareholder Communications and Disclosure

The Board is responsible to ensure that the Corporation has policies in place to ensure effective and timely communication and disclosure to the shareholders of the Corporation, other stakeholders and the public in general. This communication and disclosure policy must effectively and fairly present the operations of Canacol to shareholders and should accommodate feedback from shareholders, which should be considered into future business decisions.

The Board has the responsibility for ensuring that the financial performance of Canacol is reported to shareholders on a timely and regular basis and for ensuring that such financing results are reported fairly, in accordance with generally accepted accounting principles.

The Board has the responsibility for ensuring that procedures are in place to effect the timely reporting of any developments that have a significant and material impact on the value of shareholder assets.

The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year.

13. Integrity of Corporate Control and Management Information Systems

To effectively discharge its duties, the Board shall ensure that Canacol has in place effective control and information systems so that it can track those criteria needed to monitor the implementation of the Canacol's strategy.

Similarly, in reviewing and approving financial information, the Board shall ensure that Canacol has an audit system, which can inform the Board of the integrity of the data and compliance of the financial information with generally accepted accounting principles.

The Board's management of the important areas of corporate conduct, such as the commitment of Canacol's assets to different businesses or material acquisitions, shall also be supported by effective control and information systems.

14. Legal Requirements

The Board is responsible for ensuring that routine legal requirements, documents, and records have been properly prepared, approved and maintained by Canacol.

15. Environmental and Safety Matters

The Board shall consider reports and recommendations of management with respect to the Corporation's environmental and safety policies and procedures and any issues relating to environmental and safety matters and management's response thereto.

16. Board Delegation to Committees

The Board may delegate specific responsibilities to committees of the Board in order to effectively manage the affairs of Canacol.

17. Authority

Individual members of the Board may engage outside, legal, accounting or other advisers, at the expense of the Corporation, to obtain advice and assistance in respect of matters relating to their duties, responsibilities and powers as Directors, provided such engagement is first approved by the Chair.

The Board shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers being necessary or advisable in order to perform its duties and responsibilities.

18. Limitation

The foregoing is (i) subject to and without limitation of the requirement that in exercising their powers and discharging their duties, the members of the Board act honestly and in good faith with a view to the best interests of the Corporation; and (ii) subject to, and not in expansion of the requirement, that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.