



**Management
Information Circular
2021**

Letter to Shareholders

Dear Valued Shareholder,

Topaz's board of directors is pleased to provide you with our 2021 management information circular and to notify you that Topaz's 2021 Annual Meeting of Shareholders will be held on Wednesday, June 23, 2021 at 10:00 a.m. (Calgary time).

This year, in light of the unprecedented impacts of COVID-19 and the paramount need to protect public health, including the health of our shareholders, employees and other stakeholders and in line with recommendations imposed by public health officials to limit public gatherings, Topaz will be holding its meeting via a virtual only format, using a live audio webcast available online at <https://web.lumiagm.com/265325039> password "topaz2021" (case sensitive). The virtual-only meeting format provides all shareholders an equal opportunity to participate at the meeting regardless of their geographic location or their particular constraints, circumstances or risks they may be facing as a result of COVID-19. At this virtual meeting, shareholders who attend online will have the opportunity to participate, ask questions and vote in real-time, provided they comply with the applicable procedures set out in this circular.

Virtually attending the meeting is your opportunity to hear from our Chair and President and Chief Executive Officer, learn more about our performance in 2020 and our growth and sustainability strategy for the future and vote on the items of business. If you are unable to attend the virtual meeting, you can still vote by proxy prior to the meeting.

The attached management information circular includes important information about the meeting and how to vote and participate in our meeting. It also includes important information about how Topaz is governed and how our executives and directors are compensated. In addition, we are inviting our shareholders to provide feedback on our executive compensation program through a "say on pay" advisory vote at the upcoming meeting.

Please take some time to read the document and remember to vote.

We would also like to sincerely thank you for your ongoing support.

Sincerely,

Signed "Michael L. Rose"

Michael L. Rose
Chairman of the Board
Topaz Energy Corp.

About Topaz

Topaz is a unique royalty and energy infrastructure company focused on generating free cash flow growth and paying reliable and sustainable dividends to its shareholders, through its strategic relationship with one of Canada's largest natural gas producers, Tourmaline Oil Corp., an investment grade senior Canadian E&P company, and leveraging industry relationships to execute complementary acquisitions from other high-quality energy companies, while maintaining its commitment to environmental, social and governance best practices. For further information, please visit our website at www.topazenergy.ca.

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Notice of our 2021 Annual Meeting

You are invited to our 2021 annual meeting of shareholders:

When June 23, 2021
10:00 a.m. (Calgary time)

Where Virtual-only meeting conducted via live audio online webcast at <https://web.lumiagm.com/265325039>. Online access begins at 9:30 a.m. (Calgary time).

We will cover the following items of business:

1. Receive our 2020 financial statements and the auditors' report;
2. Elect the directors;
3. Approve our performance share unit plan;
4. Approve our deferred share unit plan;
5. Appoint the auditors;
6. Vote on our approach to executive compensation; and
7. Other business.

Your vote and participation is important

If you are a shareholder of record of Topaz common shares at the close of business on May 7, 2021, you are entitled to receive notice of, participate in, and vote at this meeting.

We encourage you to vote your common shares and participate in the meeting. If you participate in the meeting online, it is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting. You should allow ample time to check into the meeting online and complete the related registration procedure.

Questions

During the meeting questions can only be submitted in the question box provided at: <https://web.lumiagm.com/265325039>.

The board of directors has approved the contents of the attached management information circular and has authorized us to send it to you. Please take some time to read the attached management information circular. It contains important information about the meeting and explains who can vote and how to vote.

By order of the board,

Sincerely,

Signed "Marty Staples"

Marty Staples
President and Chief Executive Officer
Topaz Energy Corp.

Calgary, Alberta
May 7, 2021

Management Information Circular

This Management Proxy Circular is provided in relation to the solicitation of proxies by the management of Topaz Energy Corp. (“we”, “us”, “our”, “Topaz”, the “Corporation” and the “Company”) for use at the annual meeting of shareholders (the “Meeting” or “our 2021 annual meeting”) of the Company to be held on June 23, 2021 and at any adjournment or postponement thereof. The Meeting will be held as a completely virtual meeting, which will be conducted via live audio webcast. Shareholders will not be able to participate in the Meeting in person. A summary of the information shareholders will need to participate in the Meeting online is provided below.

We use the notice and access model to deliver meeting materials to beneficial holders of our common shares. Notice and access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. You can view our meeting materials online at www.sedar.com or www.topazenergy.ca. For our 2021 annual meeting of shareholders, we have mailed the following:

- *to beneficial shareholders: a voting instruction form and a notice form with information about the meeting and how to obtain our meeting materials;*
- *to registered shareholders: a proxy form, notice of the meeting and the management information circular; and*
- *to all shareholders who asked for them: a copy of our 2020 financial statements and accompanying management's discussion and analysis (“MD&A”) and auditors’ report.*

You have received this document because you owned Topaz shares on May 7, 2021 (the “record date”) and are entitled to vote at our 2021 annual meeting of shareholders on June 23, 2021, or at a reconvened meeting if the meeting is postponed or adjourned. The meeting will be held as a virtual-only meeting, which will be conducted via live audio online webcast. Shareholders will not be able to attend the meeting in person. A summary of the information shareholders will need to participate in the meeting online is provided below.

Management is soliciting your proxy for the meeting. We pay all costs for producing and mailing this circular and other meeting materials, and for soliciting your proxy. Topaz employees or directors may contact you to encourage you to vote; however, they are not paid for these services.

1. About the Shareholder Meeting

Business of the meeting

Our 2021 annual meeting of shareholders will cover the following items of business:

1. Receive our 2020 financial statements and the auditors' report

If you requested to receive a copy, you will have received our financial statements for the year ended December 31, 2020 and the auditors' report. Copies of these materials will also be available on our website (www.topazenergy.ca) and on SEDAR (www.sedar.com).

2. Elect the directors

As a holder of common shares, you will vote on electing nine directors to the board:

1. Michael L. Rose
2. Marty Staples
3. Tanya Causgrove
4. Jim Davidson
5. John Gordon
6. Darlene Harris
7. Steve Larke
8. Brian G. Robinson
9. Rafi Tahmazian

Directors will serve until the next annual meeting of shareholders, or until their successors are elected or appointed.

The proxy allows you to vote for all of the nominees, vote for some of the nominees and withhold your vote for others, or withhold your vote for all of the nominees. The board recommends you vote *for* electing all of the nominated directors to the board to hold office until the next annual meeting of shareholders, or until their successors are elected or appointed. **Unless instructed otherwise, the persons named in the proxy will vote for all of our nominees.**

3. Approve our performance share unit plan

In 2020, the Corporation's first full fiscal year operation, Topaz's executive compensation structure was comprised of salary, discretionary cash bonus and participation in the Corporation's share option plan (the "**Share Option Plan**"). Early in 2021, the governance, compensation and sustainability committee of our Board developed and enhanced the Corporation's compensation structure. As part of this developed and enhanced compensation structure the Board determined to put forward a performance share unit plan (the "**PSU Plan**") and a deferred share unit plan (the "**DSU Plan**") to be considered, and if thought advisable, approved by the shareholders at the Meeting. In conjunction with the implementation of a PSU Plan and a DSU Plan and in an effort to minimize future dilution the Board has reduced the number of Common Shares that may be issued under the Share Option Plan from 8.5% to 5% of the issued and outstanding Common Shares. In addition, as described herein, if the PSU Plan and the DSU Plan are approved by the shareholders at the Meeting, the Corporation does not expect to grant additional options pursuant to the Share Option Plan or otherwise award long-term compensation through the Share Option Plan.

The PSU plan is described below and the DSU plan is described under the heading "Approve our deferred unit plan".

The Board has approved the PSU Plan, and at the meeting, the shareholders will be asked to consider, and if thought advisable, approve and adopt the PSU Plan. The principal features of the PSU Plan are summarized below, while the terms of the deferred share unit plan are summarized and discussed under the heading "Approve our deferred share unit plan". The summary of the PSU Plan is qualified in its entirety by reference to the full text of the PSU Plan, a copy of which is attached as Appendix B to this Circular.

The PSU Plan permits the grant of performance share unit awards ("**PSUs**") to Participants (as defined below) of Topaz and its subsidiaries, partnerships, trusts or other controlled entities (each, a "**Topaz Entity**").

Under the terms of the PSU Plan, PSUs may be granted to a Participant (as defined below), who will have the right to receive, at the election of Topaz, either a cash payment or the issuance of Common Shares on the Unit Release Date (as defined below).

As the PSU Plan is a security-based compensation arrangement (as defined in the TSX Company Manual), approval from shareholders will be sought at the Meeting to ratify the approval of the PSU Plan and the granting of PSUs in accordance with the PSU Plan. If shareholder approval of the PSU Plan is not obtained at the Meeting, the PSU Plan will be of no effect. In addition, the issuance of Common Shares under the PSU Plan is subject to approval of the PSU Plan by the TSX.

Purpose of the PSU Plan and Eligibility

The principal purpose of the PSU Plan is to develop the interest of Executive Officers and consultants of Topaz and the Topaz Entities in the growth and development of Topaz by providing them with the opportunity to acquire an increased proprietary interest in Topaz.

Any individual who is a bona fide Executive Officer, Employee or Consultant of Topaz or the Topaz Entities are eligible to participate in the PSU Plan (the "**Participants**").

Grants of PSUs

The PSU Plan will be administered by the Board or an appointee of the Board (which may be an officer or a committee of the Board, as determined in the Board's sole discretion). Under the PSU Plan, the Board may from time to time grant PSUs to a Participant in such numbers, at such times and on such terms and conditions, consistent with the PSU Plan, as the Board may in its sole discretion determine, provided, however, that no PSUs shall be granted after December 15 of a given calendar year. The particulars of a grant of PSUs may be set out in a grant agreement between the Participant and Topaz (the "**Grant Agreement**").

The Board shall have discretion to apply vesting conditions on PSUs granted to a Participant. The Board may make vesting of PSUs contingent on a Participant's continued employment with, or provision of consulting services to, Topaz or a Topaz Entity, among other terms and conditions, including, without limitation, the satisfaction of certain performance criteria set by the Board based on corporate and personal performance (the "**Performance Criteria**"). The additional terms and conditions may apply to all or a portion of the PSUs granted to a particular Participant, and may provide for graduated vesting contingent upon the satisfaction of certain conditions (where such graduated vesting may be in the form of different percentages which may be greater or lesser than 100%). The Board may, in its discretion, subsequent to the grant date of a PSU, waive any such term or condition included in a Grant Agreement, or determine that such terms and conditions have been satisfied, subject to applicable law including any applicable requirements of the TSX. For greater certainty, no term or condition imposed under a Grant Agreement may have the effect of causing settlement and payout of a PSU to occur after December 31 of the third calendar year following the service year in respect of which such PSU was granted.

Participant's Account and Term

The Corporation shall maintain, in its books, an account for each Participant (the "**Account**") recording at all times the number of PSUs standing to the credit of such Participant. PSUs that: (i) fail to vest in a Participant pursuant to the provisions of the PSU Plan or Grant Agreement, or (ii) that are paid out to the Participant, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such PSUs are forfeited or cancelled under the PSU Plan or are paid out, as the case may be.

Limits on Issuances

Unless otherwise approved by the shareholders, the aggregate number of Common Shares that may be reserved for issuance pursuant to PSUs created under the PSU Plan, together with all other security-based compensation arrangements that provide for the issuance of Common Shares (including the Share Option Plan and DSU Plan), shall not exceed ten percent (10%) of the issued and outstanding Common Shares from time to time.

The number of Common Shares issuable to Insiders (as defined by the TSX for this purpose) at any time, under all security based compensation arrangements of Topaz, shall not exceed ten percent (10%) of the issued and outstanding Common

Shares and the number of Common Shares issued to Insiders, within any one year period, under all security based compensation arrangements of Topaz, shall not exceed ten percent (10%) of the issued and outstanding Common Shares.

PSUs that are granted under the PSU Plan that expire, terminate, or are cancelled or settled for any reason without being in the form of Common Shares issued, shall result in the Common Shares that were reserved for issuance under the PSU Plan being available for a subsequent grant of PSUs pursuant to the PSU Plan.

Any increase in the issued and outstanding Common Shares (whether it is a result of settlement of PSUs or otherwise) will result in an increase in the number of Common Shares that may be issued pursuant to PSUs outstanding at any time and any increase in the number of PSUs granted will, upon the issue of Common Shares pursuant thereto, make new grants available under the PSU Plan.

Vesting and Payout of PSUs

The number of PSUs subject to each grant, the expiry date of each PSU, the vesting dates with respect to each grant of PSUs and other terms and conditions relating to each such PSU shall be determined by the Board. The Board may, in its discretion, subsequent to the time of granting PSUs, permit the vesting of all or any portion of unvested PSUs then outstanding and granted to the Participant under the PSU Plan, in which event all such unvested PSUs then outstanding and granted to the Participant shall be deemed to be immediately vested.

On a date (a "**Unit Release Date**") to be selected by the Board following the date a PSU has become a vested PSU, which date shall not, in any event, extend beyond December 15 of the third calendar year following the service year in respect of which the particular PSUs were granted, Topaz shall either (i) make a cash payment to the Participant equal to the product of the number of vested PSUs recorded in the Participant's Account multiplied by the Fair Market Value (as defined below) of the Common Shares on the Unit Release Date, less applicable withholding taxes, or (ii) issue from treasury of Topaz that number of Common Shares in exchange for the vested PSUs, less applicable withholding taxes.

In the event Topaz elects to settle the PSUs through the issuance of Common Shares, Topaz has the option to either: (i) issue to the Participant that number of Common Shares from treasury equal to the number of PSUs in the Participant's Account that are being settled; or (ii) pay to a broker designated by Topaz the cash amount to settle the PSUs less applicable withholding taxes, and the broker will, as soon as practicable thereafter use all of the cash to purchase Common Shares on behalf of such Participant on the TSX.

When PSUs become vested PSUs, all fractional PSUs shall be rounded down to the whole number.

Fair Market Value Determination

The "**Fair Market Value**" of a Common Share for the purposes of the PSU Plan means, where the Common Shares are listed on the TSX (or such other exchange on which the Common Shares are then listed and posted for trading), the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding a particular date. If the Common Shares are not listed on any stock exchange, the "**Fair Market Value**" of a Common Share on a particular date shall be determined by the Board in its sole discretion.

Dividend Equivalents

On any date on which a cash dividend is paid on the Common Shares, a Participant's Account will be credited with a dividend equivalent in the form of a number of PSUs (including fractional PSUs, computed to three digits) calculated by multiplying the amount of the dividend per Common Share by the aggregate number of PSUs that were credited to the Participant's Account as of the record date for payment of the dividend, and dividing that amount by the Fair Market Value on the date on which the dividend is paid.

Black Out Periods

If on the Unit Release Date a Black-Out Period (as defined below) has been imposed upon a Participant which is still in effect, then the Unit Release Date shall occur within ten days following the expiry of the Black-Out Period.

A "**Black-Out Period**" will be any period of time imposed by Topaz pursuant to any insider trading policy of Topaz in effect at the applicable time upon certain designated persons during which those persons may not trade in securities of Topaz.

Payout Multiplier

Prior to the Unit Release Date in respect of any PSUs, or prior to the Unit Release Date in the case of a change of control or otherwise to the extent that the performance determination has not yet been made, the Board shall assess the performance of Topaz for the applicable period. The individual measures considered by the Board, including the comparative weighting of such measures, shall be determined by the Board in its sole discretion having regard to the principal purposes of the PSU Plan and, upon the assessment of the Performance Criteria, the Board shall determine Topaz's ranking. Measures that may be considered by the Board may include, but are not limited to, actual performance against Topaz's strategic plan, total shareholder return of Topaz against certain peer group members, and the attainment of certain operational, growth and financial milestones and metrics. A payout multiplier in respect of this ranking shall be determined in the range of 0.0 to 2.0 by the Board, in its sole discretion (the "**Payout Multiplier**"). Immediately prior to each Unit Release Date, the notional number of vested PSUs shall be adjusted by multiplying such number by the Payout Multiplier applicable to such PSUs.

Termination of Employment of Participant

Except in cases of termination of employment without cause as detailed in the paragraph below, upon the termination of the employment of a Participant (as a result of the Participant ceasing to be actively employed by, or provide services as a consultant to Topaz or a Topaz Entity), any PSUs standing to the credit of such Participant which have not become vested PSUs on or before the date of the Participant's termination (the "**Termination Date**"), shall immediately terminate and become null and void as of such date. For greater certainty, no PSUs shall vest during any reasonable notice period.

Subject to any provisions to the contrary in the employment or consulting agreement of any particular Participant, upon the termination of employment without cause of such Participant, unless otherwise determined by the Board in its sole discretion, those PSUs awarded to such Participant that have not yet become vested PSUs, but would be eligible for vesting and issuance during the notice period specified in such Participant's employment or consulting agreement, shall vest on the Termination Date.

Death of Participant

Where the Participant's Termination Date occurs as a result of the Participant's death, any PSUs standing to the credit of such Participant shall continue to vest (and be paid out) in the normal course for a period of twelve (12) months extending from the Participant's Termination Date. Any PSUs granted to such Participant which have not become vested PSUs on or before the date that is the first anniversary of the Participant's Termination Date shall terminate and become null and void as of such date.

Change of Control

In the event of a Change of Control (as such term is defined in the PSU Plan) or a determination by the Board that a Change of Control is expected to occur, the Board shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the Participants in, and to prevent the dilution or enlargement of, any PSUs, including, without limitation: (i) ensuring that Topaz or any entity which is or would be the successor to Topaz or which may issue securities in exchange for Common Shares upon the Change of Control becoming effective will provide each Participant with new or replacement or amended PSUs which will continue to vest and be exercisable following the Change of Control on similar terms and conditions as provided in the PSU Plan; (ii) causing all or a portion of the outstanding PSUs to become vested PSUs prior to the Change of Control; or (iii) any combination of the above.

Adjustments to PSUs

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of Topaz or other distribution of Topaz's assets to shareholders of Topaz (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of PSUs then outstanding under the PSU Plan shall be adjusted in such manner, if any, as Topaz may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the PSU Plan. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

Amendment of the PSU Plan

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over Topaz (including the TSX or any other stock exchange on which the Common Shares are then listed and posted for trading), the Board may at any time, without further action by, or approval of, the shareholders, amend the PSU Plan or any PSU granted under the PSU Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to: ensure that PSUs granted under the PSU Plan will comply with any provisions respecting share units or other security based compensation arrangements in the Income Tax Act (Canada) or other laws in force in any country or jurisdiction of which a Participant to whom a PSU has been granted may from time to time perform services or be resident; make amendments of a procedural or "housekeeping" nature; change the termination provisions of a PSU granted under the PSU Plan which does not entail an extension of the expiry date of the PSU beyond the original expiry date of the PSU; or suspend or terminate the PSU Plan.

Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any PSU theretofore granted.

Notwithstanding the above, approval of the shareholders will be required in order to: increase the maximum number of Common Shares reserved for issuance under the PSU Plan; amend the determination of Fair Market Value under the PSU Plan in respect of any PSU; extend the expiry date of any PSU; remove or increase any limit on grants of PSUs to Insiders; expand the circumstances under which PSUs may be assigned or transferred pursuant to the PSU Plan; amend the class of eligible Participants under the PSU Plan; amend the provisions regarding amendment to the PSU Plan; or grant additional powers to the Board to amend the PSU Plan or any PSU without the approval of shareholders.

Termination of PSU Plan

Upon termination of the PSU Plan, subject to a resolution of the Board to the contrary, all unvested PSUs shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the PSU Plan existing at the time of its termination and the applicable Grant Agreement, provided that no further PSUs will be credited to the Account of any Participant. The effective date of the PSU Plan's termination shall be the date upon which no further PSUs remain outstanding.

Transferability of Rights under PSU Plan

PSUs under the PSU Plan are not assignable nor transferable by a Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any Participant under the PSU Plan or to receive any payment (whether in cash or Common Shares) shall be liable for or subject to any obligation or liability of such Participant. Subject to the requirements of applicable law, a Participant may designate in writing a beneficiary under the PSU Plan.

Misconduct

Subject to the terms of any particular grant under the PSU Plan, and unless otherwise determined by the Board, if it is determined that there has been Misconduct by a Participant, any PSUs accumulated and remaining on a Participant's Account as at the determination date of such Misconduct, including dividend equivalents in respect of such PSUs, shall be forfeited and cancelled immediately. "**Misconduct**" for the purposes of the PSU Plan shall mean (i) serious misconduct, including conduct which has a significant negative impact on the reputation or operations of Topaz or the Topaz Entities; (ii) fraud; (iii) a wilful breach of the provisions of applicable Corporation policies in effect from time to time; or (iv) failure to act in accordance with the directors' fiduciary obligations.

Shareholder Approval of the Performance Share Unit Plan

At the Meeting, shareholders will be asked to approve an ordinary resolution in the following form approving the PSU Plan.

As at the Effective Date, the maximum number of Common Shares that may be issued under the PSU Plan and all other security based compensation arrangements was 11,260,728, representing 10% of the number of issued and outstanding Common Shares on that date. Based on the Options to potentially acquire Common Shares outstanding under the Share Option Plan, there are up to 8,919,062 Common Shares available for future grants under the PSU Plan and all other security-based compensation arrangements (including the deferred share unit plan), if approved at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Topaz that:

1. the PSU Plan, substantially in the form attached as Appendix B to the Circular and described under the heading "Approval of our performance share unit plan" in this Circular be and is hereby authorized and approved;
2. all unallocated PSUs issuable under the PSU Plan are approved and authorized until June 23, 2024;
3. any one (or more) director or officer of Topaz is, hereby authorized and directed, on behalf of Topaz, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution; and
4. notwithstanding that this resolution has been duly passed by the shareholders of Topaz, the directors of Topaz are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of Topaz, at any time if such revocation is considered necessary or desirable by the directors."

In order to be passed, the foregoing ordinary resolution must be approved by a majority of greater than 50% of votes cast by shareholders entitled to vote who are represented in person or by proxy at the Meeting.

The board recommends you vote *for* the approval of our performance share unit plan. **Unless instructed otherwise, the persons named in the proxy will vote for the approval of our performance share unit plan.**

4. Approve our deferred share unit plan

In 2020, the Corporation's first full fiscal year operation, Topaz's executive compensation structure was comprised of salary, discretionary cash bonus and participation in the Share Option Plan. Early in 2021, the governance, compensation and sustainability committee developed and enhanced the Corporation's compensation structure. As part of this developed and enhanced compensation structure the Board determined to put forward a PSU Plan and a DSU Plan to be considered, and if thought advisable, approved by the shareholders at the Meeting. In conjunction with the implementation of a PSU Plan and a DSU Plan and in an effort to minimize future dilution the Board has reduced the number of Common Shares that may be issued under the Share Option Plan from 8.5% to 5% of the issued and outstanding Common Shares. In addition, as described herein, if the PSU Plan and the DSU Plan are approved by the shareholders at the Meeting, the Corporation does not expect to grant additional options pursuant to the Share Option Plan or otherwise award long-term compensation through the Share Option Plan.

The PSU plan is described above under the heading "Approve our performance share unit plan" and the DSU plan is described below.

In addition to the PSU Plan, the Board has approved the DSU Plan. At the meeting, the shareholders will be asked to consider, and if thought advisable, approve and adopt the DSU Plan. The principal features of the DSU Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the DSU Plan, a copy of which is attached as Appendix B to this Circular.

The DSU Plan allows the Board (or an appointee of the Board) to grant deferred share units ("**DSUs**"), each of which is a unit that is equivalent in value to a Common Share (or cash equivalent thereof). DSUs will be fully vested upon grant and a Participant (as defined below) will have the right to receive, at the election of Topaz, either a cash payment or the issuance of Common Shares on the Redemption Date (as defined below).

As the DSU Plan is a security-based compensation arrangement (as defined in the TSX Company Manual), approval from shareholders will be sought at the Meeting to ratify the approval of the DSU Plan and the granting of DSUs in accordance with

the DSU Plan. If shareholder approval of the DSU Plan is not obtained at the Meeting, the DSU Plan will be of no effect. In addition, the issuance of Common Shares under the DSU Plan is subject to approval of the DSU Plan by the TSX.

Purpose of the DSU Plan and Eligibility

The principal purposes of the DSU Plan are to provide non-employee directors of Topaz and the Topaz Entities with the opportunity to acquire DSUs to enable them to participate in the long term success of Corporation and to promote a greater alignment of interests between directors of Topaz and its shareholders.

Any individual who is a non-employee member of the Board (an "**Eligible Director**") of Topaz or of a Topaz Entity is eligible to participate in the DSU Plan.

Grants of DSUs

The DSU Plan will be administered by the Board or an appointee of the Board (which may be an officer or a committee of the Board, as determined in the Board's sole discretion), which, from time to time in its sole discretion, will grant DSUs to Eligible Directors ("**Participants**").

Discretionary Grants

The Board may grant DSUs to Participants in its sole discretion. In respect of each discretionary grant of DSUs, the Board will determine, among other things, the number of DSUs allocated to the Participant and such other terms and conditions of the DSUs applicable to each grant.

Elected Grants

In addition to the discretionary grants discussed above, a Participant may elect to receive all or a portion (the "**Elected Amount**") of that Participant's total cash compensation (which includes annual retainer, attendance fee and discretionary compensation payable to such director) in the form of DSUs, to be determined at the beginning of each financial quarter. Each Participant may elect, with respect to any financial quarter, to be paid a percentage (from 0 to 100% in 25% increments) of their total cash compensation in DSUs. If the Participant fails to make an election in accordance with the procedures as outlined in the DSU Plan, the total cash compensation for such quarter will be paid in cash. All elections under the DSU Plan are irrevocable.

The number of DSUs to be credited to a Participant for services in a financial quarter will be determined by dividing the total amount of compensation that the Participant elected to receive in DSUs (payable by Topaz on the last day of such financial quarter (the "**Purchase Date**")) by the Fair Market Value (as defined below) as at the Purchase Date, or such other date as otherwise determined by the Board in its discretion.

Limits on Issuances

Unless otherwise approved by the shareholders, the aggregate number of Common Shares that may be reserved for issuance pursuant to DSUs created under the DSU Plan, together with all other security-based compensation arrangements that provide for the issuance of Common Shares (including the Share Option Plan and PSU Plan), shall not exceed ten percent (10%) of the issued and outstanding Common Shares from time to time.

The number of Common Shares issuable to Insiders (as defined by the TSX for this purpose) at any time, under all security based compensation arrangements of Topaz, shall not exceed ten percent (10%) of the issued and outstanding Common Shares and the number of Common Shares issued to Insiders, within any one year period, under all security based compensation arrangements of Topaz, shall not exceed ten percent (10%) of the issued and outstanding Common Shares.

The aggregate number of Common Shares that may be reserved for issuance pursuant to DSUs credited under the DSU Plan to independent directors, together with all other security-based compensation arrangements of Topaz that provide for the issuance of Common Shares to independent directors, shall not exceed one percent (1%) of the issued and outstanding Common Shares from time to time.

DSUs that are granted under the DSU Plan that expire, terminate, or are cancelled or settled for any reason without being in the form of Common Shares issued, shall result in the Common Shares that were reserved for issuance under the DSU Plan being available for a subsequent grant of DSUs pursuant to the DSU Plan.

Any increase in the issued and outstanding Common Shares (whether it is a result of settlement of DSUs or otherwise) will result in an increase in the number of Common Shares that may be issued pursuant to DSUs outstanding at any time and any increase in the number of DSUs granted will, upon the issue of Common Shares pursuant thereto, make new grants available under the DSU Plan.

Vesting

DSUs will be fully vested upon being granted and credited to an account maintained by Topaz for each Participant (an "**Account**").

Fair Market Value Determination

The "**Fair Market Value**" of a Common Share for the purposes of the DSU Plan means, where the Common Shares are listed on the TSX (or such other exchange on which the Common Shares are then listed and posted for trading), the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding a particular date. If the Common Shares are not listed on any stock exchange, the "**Fair Market Value**" of a Common Share on a particular date shall be determined by the Board in its sole discretion.

Dividend Equivalents

On any date on which a cash dividend is paid on the Common Shares, a Participant's Account will be credited with a dividend equivalent in the form of a number of DSUs (including fractional DSUs, computed to three digits) calculated by multiplying the amount of the dividend per Common Share by the aggregate number of DSUs that were credited to the Participant's Account as of the record date for payment of the dividend, and dividing that amount by the Fair Market Value on the date on which the dividend is paid.

Termination of Service and Payout of DSUs

A Participant will have the right to receive, at the election of Topaz, either a cash payment or the issuance of Common Shares in respect of the settlement of the DSUs recorded in the Participant's Account, on the later of the following dates (the "**Redemption Date**"): (i) the third business day following the date on which the Participant ceases to serve as a director of, and is not an employee or officer of, Topaz or a Topaz Entity (the "**Separation Date**"); or (ii) such later date as may be agreed in writing between Topaz and the Participant before the Separation Date, provided that in no event shall the Redemption Date be deferred to a date that is later than December 15th of the calendar year commencing immediately after the Separation Date.

A Participant (or in the event of the Participant's death, his beneficiary or legal representative) who is not a U.S. Director (as such term is defined in the DSU Plan) will receive (a) a payment (the "**Cash Payment**") equal in value to the number of DSUs recorded in the Participant's Account on the Separation Date multiplied by the Fair Market Value per Common Share on the Redemption Date, less any applicable withholding taxes, or (b) issuance from treasury of Topaz of that number of Common Shares for the DSUs recorded on the Participant's Account, less applicable withholding taxes. Upon payment in full of the Cash Payment less any withholding taxes, or upon receipt of the Common Shares issued less any applicable withholding taxes, the DSUs will be cancelled and no further payments will be made to the Participant under the DSU Plan for such DSUs.

A Participant (or in the event of the Participant's death, his beneficiary or legal representative) who is a U.S. Director (as such term is defined in the DSU Plan) will receive cash equal to the Fair Market Value of the Common Shares on the Separation Date multiplied by the number of DSUs recorded on the Participant's Account, net of any applicable withholding tax.

In the event Topaz elects to settle the DSUs through the issuance of Common Share, Topaz has the option to either: (i) issue to the Participant that number of Common Shares from treasury equal to the number of DSUs in the Participant's Account that are being settled; or (ii) pay to a broker designated by Topaz the Cash Payment less withholding taxes, and the broker will, as soon as practicable thereafter use all of the cash to purchase Common Shares on behalf of such Participant on the TSX.

Black Out Periods

If on the Redemption Date a Black-Out Period (as defined below) has been imposed upon a Participant which is still in effect, then the Redemption Date shall occur within ten days following the expiry of the Black-Out Period.

A "**Black-Out Period**" will be any period of time imposed by Topaz pursuant to any insider trading policy of Topaz in effect at the applicable time upon certain designated persons during which those persons may not trade in securities of Topaz.

Death of Participant

In the event of the death of a Participant, Topaz will, within two months of the Participant's death, pay cash equal to the Fair Market Value of the Common Shares multiplied by the number of DSUs recorded on the Participant's Account which would be deliverable to the Participant if the Participant had ceased being a director, in respect of the DSUs credited to the deceased Participant's Account (net of any applicable withholding tax) to or for the benefit of the Participant's beneficiary. The Fair Market Value will be calculated on the date of death of the Participant.

Adjustments to DSUs

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of Topaz or other distribution of Topaz's assets to shareholders of Topaz (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of DSUs then outstanding under the DSU Plan shall be adjusted in such manner, if any, as Topaz may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the DSU Plan. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

Amendment of the DSU Plan

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over Topaz (including the TSX), the Board may at any time, without further action by, or approval of, the shareholders, amend the DSU Plan or any DSU granted under the DSU Plan in such respects as it may consider advisable and, without imitating the generality of the foregoing, it may do so to: ensure that DSUs granted under the DSU Plan will comply with any provisions respecting deferred share units or other security based compensation arrangements in the Income Tax Act (Canada) or other laws in force in any country or jurisdiction of which a Participant to whom a DSU has been granted may from time to time perform services or be resident; make amendments of a procedural or "housekeeping" nature; suspend or terminate the DSU Plan. Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any DSUs theretofore granted. Shareholder approval shall be obtained for any amendments as required by the TSX, including, among other things, in relation to an amendment to remove or exceed insider participation limits under the DSU Plan and amendments to the amending provision.

Transferability of Rights under DSU Plan

DSUs under the DSU Plan are not assignable nor transferable by a Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any Participant under the DSU Plan or to receive any payment (whether in cash or Common Shares) shall be liable for or subject to any obligation or liability of such Participant. Subject to the requirements of applicable law, a Participant may designate in writing a beneficiary under the DSU Plan.

Misconduct

Subject to the terms of any particular grant under the DSU Plan, and unless otherwise determined by the Board, if it is determined that there has been Misconduct by a Participant, any DSUs accumulated and remaining on a Participant's Account as at the determination date of such Misconduct, including dividend equivalents in respect of such DSUs, shall be forfeited and cancelled immediately. "**Misconduct**" for the purposes of the DSU Plan shall mean (i) serious misconduct, including conduct which has a significant negative impact on the reputation or operations of Topaz or the Topaz Entities; (ii) fraud; (iii) a wilful breach of the provisions of applicable Corporation policies in effect from time to time; or (iv) failure to act in accordance with the directors' fiduciary obligations.

Approval of the Deferred Share Unit Plan

At the Meeting, shareholders will be asked to approve an ordinary resolution in the following form approving the DSU Plan.

As at the Effective Date, the maximum number of Common Shares that may be issued under the DSU Plan and all other security based compensation arrangements was 11,260,728, representing 10% of the number of issued and outstanding Common Shares on that date. Based on the Options to potentially acquire Common Shares outstanding under the Share Option Plan, there are up to 8,919,062 Common Shares available for future grants under the DSU Plan and all other security-based compensation arrangements (including the performance share unit plan), if approved at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Topaz that:

1. the DSU Plan, substantially in the form attached as Appendix B to the Circular and described under the heading "Approval of our deferred share unit plan" in this Circular is hereby authorized and approved;
2. all unallocated DSUs issuable under the DSU Plan are approved and authorized until June 23, 2024;
3. any one (or more) director or officer of Topaz is, hereby authorized and directed, on behalf of Topaz, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution; and
4. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

In order to be passed, the foregoing ordinary resolution must be approved by a majority of greater than 50% of votes cast by shareholders entitled to vote who are represented in person or by proxy at the Meeting.

The board recommends you vote *for* the approval of our deferred share unit plan. **Unless instructed otherwise, the persons named in the proxy will vote for the approval of our deferred share unit plan.**

5. Appoint the auditors

You will vote on appointing our external auditors. The audit committee and the board propose that KPMG LLP, Chartered Professional Accountants ("KPMG") be appointed as auditors to serve until the next annual meeting of shareholders. The audit committee will recommend KPMG's compensation to the board for its review and approval.

You can find other information about the audit committee in our annual information form for the year ended December 31, 2020 on SEDAR (www.sedar.com).

The board recommends you vote *for* appointing KPMG as our auditors to hold office until the next annual meeting of shareholders. **Unless instructed otherwise, the persons named in the proxy will vote for the appointment of KPMG as our auditors.**

6. Vote on our approach to executive compensation

A key principle underlying our executive compensation is 'pay for performance'. We believe that linking compensation with strategy and corporate performance helps us attract and retain excellent employees and motivates them to focus on our success.

Shareholders will have the opportunity to vote for or against our approach to executive compensation. Effectively, this gives shareholders a “say on pay”. This is an advisory vote, so the results will not be binding on the board. The board will, however, consider the outcome of the vote as part of its ongoing review of executive compensation.

You will be asked to consider, and if deemed advisable, approve the following non-binding resolution:

RESOLVED, as an ordinary resolution and on an advisory basis and not to diminish the role and responsibilities of the board of directors of Topaz Energy Corp. (“Topaz”), that the shareholders of Topaz (“Shareholders”) accept the approach to executive compensation disclosed in Topaz’s management information circular delivered in advance of the 2021 annual meeting of Shareholders.

This resolution conforms to the language of the resolution recommended by the Canadian Coalition for Good Governance. The board recommends you vote *for* this resolution. **Unless instructed otherwise, the persons named in the proxy will vote for our approach to executive compensation as described in this circular.**

7. Other business

You (or your proxyholder) will vote on any other items of business that may be properly brought before the meeting. As of the date of this circular, we are not aware of any other matters to be brought before the meeting.

Quorum

According to our by-laws, we must have at least two persons present, holding or representing at least 25% of our outstanding common shares, for the meeting to proceed. Otherwise, the meeting will be adjourned to a set time and place and no other business will be transacted.

About voting results

We will issue a news release with the voting results as soon as possible following the meeting. The voting results will also be available on our website (www.topazenergy.ca) and on SEDAR (www.sedar.com).

Voting

We are authorized to issue an unlimited number of common shares.

As at May 7, 2021, we had 112,607,280 common shares issued and outstanding. The outstanding common shares are listed and trade on the Toronto Stock Exchange (“TSX”) (TSX: TPZ).

Shareholders are entitled to one vote per common share they hold on a poll vote or ballot at the meeting.

To the best of our knowledge, no person beneficially owns, controls or directs, directly or indirectly, more than 10% of our common shares, except as described below:

Name and municipality of residence	Type of Ownership	Number of common shares	Percentage of outstanding common shares
Tourmaline Oil Corp. Calgary, Alberta	Legal	58,149,494	51.6%

Who can vote?

You can vote at our annual meeting if you held common shares at the close of business on May 7, 2021. You are not allowed to vote if you acquired common shares after May 7, 2021, unless you ask us to include your name in the list of voting shareholders at least ten days before the meeting.

How will shareholders be able to participate in the meeting?

Registered shareholders and duly appointed proxyholders who participate in the meeting online will be able to listen to the meeting, ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out below under “How to vote” and “How do I participate in the meeting?”. Non-registered shareholders

who have not duly appointed themselves as proxyholders may still participate in the meeting as guests. Guests will be able to listen to the meeting but will not be able to vote at the meeting. See “How to vote” and “How do I participate in the meeting?” below.

How to vote

You can vote your common shares by proxy, or by participating in the meeting online and voting in real time if you are a registered shareholder. Topaz is holding the meeting as a virtual-only meeting, which will be conducted via live audio online webcast. Shareholders will not be able to attend the meeting in person.

Voting by proxy

Registered shareholders

You are a registered shareholder if you have share certificates in your name.

Voting by proxy is the easiest way to vote because you can appoint someone to represent you (your “proxyholder”) and vote your shares according to your instructions. Your proxyholder can be anyone and does not need to be a Topaz shareholder.

The representatives of Topaz named on the proxy form have agreed to serve as your proxyholder and will vote your shares according to your instructions. If you do not specify your voting instructions, they will vote your shares *for* each item of business:

- *for* electing the nominated directors;
- *for* the approval of our performance share unit plan;
- *for* the approval of our deferred share unit plan;
- *for* appointing KPMG LLP as our external auditors; and
- *for* our approach to executive compensation.

You can vote by proxy in one of three ways:

- on the internet (www.investorvote.com) and follow the instructions on screen;
- by completing the proxy form, then signing and dating it and mailing it in the enclosed envelope; or
- online at the meeting in the manner described under the heading “How do I participate in the meeting” below.

If you vote by phone, on the internet or at the meeting online, do not send back the proxy form.

If the shares are held in the name of a corporation, you **must** use the enclosed proxy form and mail it in the enclosed envelope. The proxy must be signed under its corporate seal or by an authorized officer or attorney.

If you want to appoint someone else to be your proxyholder, you must use the enclosed proxy form and print that person’s name in the blank space provided on the form, or use the internet <https://login.odysseytrust.com/pxlogin>, and register that proxyholder online. Registering your proxyholder is an additional step to be completed after you have submitted your proxy form or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a 12-digit Control Number that is required to vote at the meeting. To register a third party proxyholder, shareholders must submit an email request to topaz@odysseytrust.com by **10:00 a.m. MDT on June 22, 2021** and provide Odyssey Trust Company with the required proxyholder contact information so that Odyssey Trust Company may provide the proxyholder with a Control Number via email. Without a Control Number, proxyholders will not be able to vote at the meeting but will be able to participate as a guest. Your proxyholder must vote your shares according to your instructions. If you appoint someone else to be your proxyholder and do not give them specific voting instructions, they can vote as they see fit, using their best judgment.

If there are changes to the items of business or other matters that are properly brought before the meeting, your proxyholder can use their discretion and vote as they see fit, using their best judgment. At the time that this document went to print, we did not anticipate any changes or other matters to be brought before the meeting.

Beneficial shareholders

Many of our common shares are held by beneficial shareholders. You are a beneficial shareholder if your shares are registered in the name of a nominee, such as your bank, trust company, securities broker, trustee or other institution.

If you are a beneficial owner of our shares and have received this information from us, we have obtained your details from your broker and have complied with all regulatory requirements. We are responsible for delivering these materials to you and for executing your voting instructions.

In Canada, the majority of beneficially owned common shares are registered under CDS & Co., the registration name for CDS Clearing and Depository Services Inc. ("CDS"), which acts as the nominee for many Canadian brokerage firms. In the United States ("U.S."), most common shares are registered in the name of Cede & Co., the nominee of The Depository Trust Company, which is the U.S. equivalent of CDS.

Nominees can only vote the shares for their clients if they have received specific voting instructions from them.

To vote your shares as a beneficial shareholder, you must give your broker your voting instructions using the voting instruction form provided in this package. Be sure to follow the instructions provided on the form to allow enough time for your voting instructions to reach your nominee so they have enough time to process them prior to the meeting.

Most nominees delegate responsibility for obtaining voting instructions from their clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge usually mails a scannable voting instruction form that is to be completed and returned to them by mail or fax. You can also call a toll-free phone number or access Broadridge's dedicated voting website to submit your voting instructions.

If you received a proxy form or voting materials from a company other than Broadridge, you need to complete and return such form following the instructions they have provided.

Voting at the meeting

If you are a beneficial shareholder and you want to participate in the meeting and vote your shares in real time, you must print your own name as the proxyholder on the proxy or voting instruction form and return it in the enclosed envelope. Do not complete the rest of the form or submit your voting instructions because your vote will be taken at the meeting. If your proxy form indicates that you can vote online, you must type your name as proxyholder on the online form according to the instructions.

Deadline

Odyssey Trust Company is our transfer agent. **Odyssey Trust Company must receive your completed proxy form or voting instructions by 10:00 a.m. (Calgary time) on June 21, 2021 or if adjourned, 48 hours before the date of the adjourned meeting (excluding Saturdays, Sundays and holidays).**

If you are a beneficial shareholder, send your voting instructions right away to allow enough time for your nominee to receive the information and then send it to Odyssey Trust Company.

How do I participate in the meeting?

Topaz is holding the meeting as a virtual-only meeting, which will be conducted via live audio online webcast. Shareholders will not be able to participate in the meeting in person.

Participating in the meeting online enables registered shareholders and duly appointed proxyholders, including beneficial shareholders who have duly appointed themselves as proxyholder, to participate in the meeting and ask questions, all in real time. Registered shareholders and duly appointed proxyholders can vote at the appropriate times during the meeting. Guests, including non-registered beneficial shareholders who have not duly appointed themselves as proxyholder, can log in to the meeting as set out below. Guests can listen to the meeting but are not able to vote.

Log in online at <https://web.lumiagm.com/265325039>. We recommend that you log in approximately one half hour before the meeting starts;

click "Login" and then enter your 15-digit Control Number (see below) and Password "**topaz2021**" (case sensitive); OR

click "Guest" and then complete the online form.

Please contact 1-866-449-3664 (toll-free) for any technical difficulties or trouble accessing our virtual-only meeting.

Registered shareholders: The 15-digit control number located on the proxy form or in the email notification you received is your Control Number.

Duly appointed proxyholders: Odyssey Trust Company will provide the proxyholder with a 15-digit Control Number by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed and registered as described in "Voting by proxy – registered shareholders" above. If you participate in the meeting online, it is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting. You should allow ample time to check into the meeting online and complete the related procedure.

Changing your vote

You can revoke a proxy form you previously submitted by sending us a revocation notice in writing from you, or an attorney to whom you have given written authorization. If the shareholder is a corporation, the change must be made under its corporate seal or by an authorized officer or attorney. The written notice must be delivered to our head office any time **before 4:30 p.m. (Calgary time) on June 21, 2021 or if adjourned, the last business day before the date of the adjourned meeting**, or to the Chairman of the meeting before the start of the meeting. If you are a beneficial shareholder, contact your broker, financial institution or the nominee that holds your common shares to revoke your voting instructions. You can also revoke your proxy in any other way the law allows. If you have followed the process for participating in and voting at the meeting online as described under the heading "How do I participate in the meeting" above, voting at the meeting online will revoke your previous proxy.

The nominated directors

Our articles state that the board must have a minimum of three and a maximum of twelve directors. The board has fixed the number of nominated directors to be elected by you at nine.

All of the nominated directors currently serve on our board with the exception of Mr. Staples who is the President and Chief Executive Officer of Topaz and is a nominee director. The nominated directors have a strong range of skills and experience. We believe that each nominated director is willing and able to serve on the board until the next annual meeting of shareholders. If any of them is unable to serve, your proxyholder can vote for another nominated director, unless you have indicated that your vote should be withheld.

At the date of the meeting, six of the nine nominated directors will be independent as defined by Canadian securities laws, meaning, in general, that they do not have any relationships that might compromise their ability to use independent judgment or to act in Topaz's best interests. All of the members of the Board are independent directors of the Company, except Mr. Rose because he is the President, Chief Executive Officer and Chairman of Tourmaline, Mr. Robinson because he is the Vice-President, Finance, Chief Financial Officer and a director of Tourmaline and Mr. Staples because he is the President and Chief Executive Officer of Topaz.

Our policy on majority voting

The board has adopted a majority voting policy for directors that requires individual voting by ballot for each director.

Pursuant to this policy, if any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "majority withhold vote") then promptly following a majority withhold vote such nominee will tender his or her resignation for consideration by the board to the chair of the governance, compensation and sustainability committee (the "**governance committee**"). This resignation will be effective upon acceptance by the board. Also, if the chair of the governance committee received a majority withhold vote, then he or she will tender his or her resignation to the Chairman of Topaz.

The governance committee will promptly consider the tendered resignation and recommend to the board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the governance committee will consider all factors it deems relevant including, without limitation: the reasons, if known, why shareholders "withheld" or were requested to "withhold" votes from the director. In particular, the governance committee will consider if shareholders "withheld" or were requested to "withhold" votes from the director for reasons other than the qualifications or individual actions of the director; the director's length of service and qualifications; the director's share ownership; the director's contributions to Topaz; the current mix of skills and attributes of the directors on the board; the impact with respect to covenants in agreements or plans, if any; and legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The board will consider the governance committee's recommendation not later than 90 days following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the board will consider the factors considered by the governance committee and any additional information and factors the board believes to be relevant. Generally, it is expected that the board will accept a resignation absent exceptional circumstances.

Promptly following the board's decision, Topaz will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release and provide a copy of the press release to the Toronto Stock Exchange. If the board decides to accept the director's resignation, the governance committee will recommend to the board whether to fill the resulting vacancy or to continue with the reduced size of the board.

Any director who tenders his or her resignation pursuant to the majority voting policy will not participate in the governance committee recommendation or the board consideration whether to accept or reject the tendered resignation. If a majority of the members of the governance committee received a majority withhold vote at the same election, then the directors who did not receive a majority withhold vote will appoint a board committee among themselves solely for the purpose of considering the tendered resignations and such special committee will recommend to the board whether to accept or reject them within the 90 day period. If a sufficient number of directors have received a majority withhold vote and have tendered a resignation in accordance with the majority voting policy, such that the board would no longer have a quorum if all resignations were accepted, then such directors who have tendered a resignation in accordance with the majority voting policy shall not vote in any meeting of the board at which his or her resignation is considered. However, in that case, each such director present at a meeting of the board may be counted for the purpose of determining whether the board has quorum at the particular meeting. Except as set forth in this paragraph, a director who tenders his or her resignation pursuant to the majority voting policy will continue to participate in all meetings of the board and any applicable committees of the board on which such director serves until such time, if applicable, as the board decides to accept the director's tendered resignation.

In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with the majority voting policy, he or she shall not be re-nominated by the board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of Topaz.

The board and the governance committee may adopt such procedures as it sees fit to assist in its determinations under the majority voting policy.

Our majority voting policy applies only to uncontested elections. An "uncontested election" means any election of directors where the election does not involve the circulation of proxy material required by applicable securities legislation in support of one or more nominees who are not part of the slate supported by the board.

Advance Notice By-Law

Topaz's by-laws set forth a procedure requiring advance notice to Topaz by any shareholder who intends to nominate a person for election as a director of Topaz other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the ABCA; or (ii) a shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the By-Law sets a deadline by which such shareholders must notify Topaz in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and specify the information that a nominating shareholder must include in the notice in order for director nominees to be eligible for nomination and election at the meeting.

In the case of an annual meeting of shareholders, notice to Topaz must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement.

In the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose including the election of directors, notice to Topaz must be made not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of shareholders was made.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

A copy of our by-laws is publicly available on Topaz's website at www.topazenergy.ca.

Director Profiles

The following profiles give information about each nominated director, including their background and experience, meeting attendance, security ownership and other public company boards on which they serve. The value of common shares and the "in-the-money" amount of the value of options set forth below is based on the closing price of the company's shares on December 31, 2021.

Michael L. Rose

Director since
December 31, 2006

Alberta, Canada
Age: 63

Independent Director: No

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development
Technical Oil and Gas Background
Reserves Evaluation

Mr. Rose's principal occupation is the Chairman, President and Chief Executive Officer of Tourmaline since he founded the Company in August 2008. Prior thereto, he was Chairman, President and Chief Executive Officer of Duvernay Oil Corp. ("Duvernay"), a publicly traded oil and gas company (2004- 2008). Mr. Rose has held various exploration and production positions, including managing exploration and petroleum engineering research for a large exploration and production company before founding Berkley Petroleum Corp. ("Berkley") in 1993. After the sale of Berkley in 2001, Mr. Rose founded Duvernay, which was sold in August 2008. Mr. Rose was educated at Queen's University, graduating with an honours degree in Geology. Mr. Rose is a member of the Association of Professional Engineers and Geoscientists of Alberta and the Canadian Society of Petroleum Geologists. Among other awards, Mr. Rose is the recipient of the Stanley Slipper Gold Medal from the Canadian Society of Petroleum Geologists (2009). Mr. Rose has over 40 years of experience in the oil and gas industry.

Board and committee membership and attendance in 2020

Chairman	6/6	100%
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Other public company boards

Tourmaline

Securities held

Common shares	603,470
Options	200,000
Total Value	\$8,927,192
Meets share ownership guideline	Yes

* Mr. Rose, a director of the Company, and the President and Chief Executive Officer and a director of Tourmaline, served as a director of Nordegg Resources Inc. ("Nordegg") until June 10, 2016. On June 16, 2016, a secured creditor of Nordegg was granted an order under the *Bankruptcy and Insolvency Act (Canada)* appointing a receiver to take possession and exercise control over all of Nordegg's current and future assets.

Marty Staples

Nominee director

Alberta, Canada
Age: 45

Independent Director: No

Skills and Experience

Executive Leadership & Strategy
Value Creation & Change Management
Operations
Compensation & Human Resources
Financial Literacy
Legal, Regulatory, ESG and Governmental
Business Development
Technical Oil and Gas Background
Reserves Evaluation

Mr. Staples is the President and Chief Executive Officer of the Company. Mr. Staples has been intimately involved in the growth and development of Tourmaline since 2010, which includes the execution of numerous asset and corporate acquisitions. Mr. Staples previously has also held positions at both private and public companies. Mr. Staples holds a Bachelor's Degree in Commerce from the Haskayne School of Business at the University of Calgary. Mr. Staples has over 19 years in the oil and gas industry in the areas of management, business development, exploration, land and evaluations.

Board and committee membership and attendance in 2020

N/A

Other public company boards

None

Securities held

Common shares	77,577
Options	425,000
Total Value	\$2,585,047
Meets share ownership guideline	Yes

Tanya Causgrove

Director since
August 12, 2020

Alberta, Canada
Age: 50

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development

Ms. Causgrove's principal occupation is Chief Financial Officer and Managing Director of ARC Financial. Ms. Causgrove is a member of ARC Financial's Executive Committee. Ms. Causgrove leads ARC Financial's finance, accounting, tax, human resources, regulatory, technology and administrative functions and works closely with the investment team and investors. Ms. Causgrove currently represents ARC Financial on the board of Citadel Drilling Ltd. and holds a Bachelor of Commerce in Accounting from the University of Alberta, is a Chartered Professional Accountant (CPA, CA) and is a CFA Charterholder. Ms. Causgrove has more than 23 years of management experience in the energy industry.

Board and committee membership and attendance in 2020		
Director	6/6	100%
Member - Governance, Compensation and Sustainability Committee	3/3	100%
Member - Audit Committee	1/1	100%

Other public company boards
None

Securities held	
Common shares	Nil*
Options	200,000
Total Value	\$720,000
Meets share ownership guideline	Yes

* ARC Energy Fund 9 which is managed by an affiliate of ARC Financial Corp. holds 5,483,957 common shares.

Jim Davidson

Director since
November 14, 2019

Alberta, Canada
Age: 64

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Business Development
Reserves Evaluation

Mr. Davidson's principal occupation is a Corporate Director. Mr. Davidson is a director of ATB Financial, the Business Council of Alberta, the Creative Destruction Lab, the Economic Futures Council of Junior Achievement, the Fraser Institute and the Modern Miracle Network. Mr. Davidson was most recently Deputy Chairman of GMP FirstEnergy. Mr. Davidson co-founded FirstEnergy Capital Corp. in 1993. Mr. Davidson has more than 40 years of experience in the financial services industry.

Board and committee membership and attendance in 2020

Director	6/6	100%
Member – Reserves Committee	*	–

Other public company boards

None

Securities held

Common shares	186,432
Options	133,333
Total value	\$3,015,474
Meets share ownership guideline	Yes

* The first meeting of the Reserves Committee was held in 2021.

John Gordon

Director since
November 14, 2019

Alberta, Canada
Age: 64

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development

Mr. Gordon's principal occupation is a Corporate Director. Mr. Gordon was a director of TORC Oil & Gas Ltd. ("TORC") until it was acquired early in 2021. Mr. Gordon served as the Canadian Managing Partner, Quality and Risk Management, the Canadian Managing Partner, Audit and the Calgary Office Managing Partner for KPMG LLP prior to his retirement in 2018. Mr. Gordon has extensive experience in providing audit and other services to public oil and gas companies. Mr. Gordon is a Chartered Professional Accountant (FCPA), a Chartered Financial Analyst (CFA), and is a graduate of the University of Saskatchewan. Mr. Gordon serves on the Board of the CAMH Foundation, the Alberta Adolescent Recovery Centre, and is a lecturer for, and an active member of the Institute of Corporate Directors. Mr. Gordon has more than 30 years of experience in a variety of industries, including the energy sector.

Board and committee membership and attendance in 2020		
Director	6/6	100%
Member – Governance, Compensation and Sustainability Committee	3/3	100%
Chair – Audit Committee	1/1	100%

Other public company boards
None

Securities held	
Common shares	75,000
Options	175,000
Total value	\$1,650,000
Meets share ownership guideline	Yes

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

Darlene Harris

Director since
June 11, 2020

Alberta, Canada
Age: 54

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development
Technical Oil and Gas Background
Reserves Evaluation

Ms. Harris' principal occupation is a Corporate Director. Ms. Harris is a director and Chair of the Audit Finance Committee of the Spark Credit Union. Previously, Ms. Harris spent 32 years with Shell Canada, most recently as Senior Manager of M&A and Corporate Finance as well as Co-Chairman of the Shell Canada Pension Plan. Ms. Harris has a broad range of experience in strategic acquisitions and divestment, financial markets, banking, pension management and governance, talent management and directorship. Ms. Harris is a Chartered Professional Accountant (CPA, CMA).

Board and committee membership and attendance in 2020		
Director	6/6	100%
Member – Audit Committee	1/1	100%
Chair – Reserves Committee	*	–

Other public company boards
None

Securities held	
Common shares	3,000
Options	200,000
Total value	\$760,800
Meets share ownership guideline	No

* The first meeting of the Reserves Committee was held in 2021.

Steve Larke

Director since
November 14, 2019

Alberta, Canada
Age: 49

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development
Reserves Evaluation

Mr. Larke's principal occupation is a Corporate Director. Mr. Larke is a director of Vermilion Energy Inc. and Headwater Exploration Inc. Mr. Larke's previous roles include Operating Partner and Advisory Board member with Azimuth Capital Management Inc., an energy-focused private equity fund based in Calgary, Alberta. Prior to joining Azimuth Capital Management Inc., Mr. Larke was Managing Director and Executive Committee member with Calgary-based Peters & Co. from 2005 to 2015, and prior thereto, was Vice-President and Director with TD Newcrest from 1997 to 2005. Both at Peters & Co. and TD Newcrest, Mr. Larke received leading rankings in the Brendan Wood International survey of institutional investors. Mr. Larke has a Bachelor of Commerce degree (with distinction) from the University of Calgary and has earned the Chartered Financial Analyst (CFA) and Institute of Corporate Directors (ICD.D) designations. In addition, Mr. Larke is a Fundamentals of Sustainability Accounting (FSA) Credential Holder. Mr. Larke has over 20 years of experience in energy capital markets, including research, sales, trading and equity finance.

Board and committee membership and attendance in 2020

Lead Independent Director	6/6	100%
Chair – Governance, Compensation and Sustainability Committee	3/3	100%

Other public company boards

Vermilion Energy Inc.
Headwater Exploration Inc.

Securities held

Common shares	276,307
Options	133,333
Total value	\$4,237,774
Meets share ownership guideline	Yes

Brian G. Robinson

Director since
November 10, 2009

Alberta, Canada
Age: 64

Independent Director: No

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Legal, Regulatory, ESG and Governmental
Business Development
Technical Oil and Gas Background
Reserves Evaluation

Mr. Robinson's principal occupation is a director and Vice President, Finance and Chief Financial Officer of Tourmaline. Prior thereto, Mr. Robinson was Vice President, Finance and Chief Financial Officer of Duvernay and prior to that was Vice President, Finance and Chief Financial Officer of Berkley. Previously, Mr. Robinson held numerous positions in finance and accounting with intermediate and senior oil and gas companies, commencing his career with a large public accounting firm. Mr. Robinson is also a trustee of Boardwalk Real Estate Investment Trust, a publicly-traded real estate investment trust on the TSX. Mr. Robinson holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Accountant. Mr. Robinson has more than 39 years of experience in the oil and gas industry in the disciplines of finance, financial reporting, budgeting, accounting, management, treasury, tax, and business development.

Board and committee membership and attendance in 2020

Director	6/6	100%
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Other public company boards

Tourmaline
Boardwalk Real Estate Investment Trust

Securities held

Common shares	110,000
Options	200,000
Total value	\$2,216,000
Meets share ownership guideline	Yes

Rafi Tahmazian

Director since
December 9, 2019

Alberta, Canada
Age: 54

Independent Director: Yes

Skills and Experience

Executive Leadership & Strategy
Enterprise Risk Assessment
Value Creation & Change Management
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety Operations
Compensation and Human Resources
Financial Literacy, Accounting and Tax
Business Development
Reserves Evaluation

Mr. Tahmazian's principal occupation is Senior Portfolio Manager and Director with Canoe Financial. Mr. Tahmazian is also the lead portfolio manager for Canoe Energy Portfolio Class, Canoe Energy Income Portfolio Class, and Canoe Energy Alpha LP. Mr. Tahmazian is an award-winning portfolio manager. Prior to Canoe, Mr. Tahmazian spent 13 years at First Energy Capital, a leading investment dealer that focused on the energy industry. He left the firm in 2008 as Vice Chairman and Managing Director. He is currently on the board of directors for Artis Exploration Ltd, Aureus Energy Services Inc., Well Ventures Corp., Chance Oil and Gas Ltd., and Alberta Teachers Retirement Fund. Mr. Tahmazian holds a Bachelor of Economics degree from the University of Calgary. Mr. Tahmazian has more than 28 years of management experience in the energy industry.

Board and committee membership and attendance in 2020		
Director	6/6	100%
Member – Reserves Committee	*	–

Other public company boards
None

Securities held	
Common shares	39,273
Options	200,000
Total value	\$1,254,113
Meets share ownership guideline	Yes

* The first meeting of the Reserves Committee was held in 2021.

2. Corporate Governance

This section of our circular describes Topaz's corporate governance program. It includes information regarding our board of directors, the committees of our board, and our governance practices and policies.

About Our Corporate Governance

Our board of directors and management are committed to high standards of ethical conduct and corporate governance. At Topaz, we believe that this commitment is essential to operating our business effectively. Topaz's common shares are listed on the TSX. Our corporate governance practices and policies comply with the Canadian Securities Administrators' ("CSA") corporate governance guidelines, as well as the CSA's rules relating to audit committees and certification of financial information collectively referred to as the "Governance Guidelines" in this section. Topaz's approach to corporate governance is developed by the governance, compensation and sustainability committee of the board, with the board having final approval of Topaz's governance program.

The Role of the Board of Directors

The board's core responsibilities are to foster Topaz's long-term success, to oversee our business and supervise management, and to act honestly, in good faith and in the best interests of Topaz. Many of the board's responsibilities are carried out by its three committees, being the audit committee, the governance, compensation and sustainability committee and the reserves committee. The responsibilities delegated to each committee are described in each committee's board-approved terms of reference that are available on our website at www.topazenergy.ca.

Board Mandate

The primary responsibilities of the board of directors are described in the Board of Directors' Mandate attached as Appendix A to this circular and also available on our website (www.topazenergy.ca). The Board Mandate is reviewed annually and, if required, updated by the board of directors. Topaz's Board Mandate was last updated by the board of directors in 2020. The board of directors delegates day-to-day management of Topaz to the President and Chief Executive Officer and senior management. Major capital expenditures, financing arrangements, dividend payments and significant acquisitions and divestitures require board approval.

Strategic Planning Process

The board of directors oversees Topaz's strategic planning process. Each year the board holds a strategic planning session in order to focus solely on the strategic position of Topaz's business and potential strategic initiatives. Following this planning session, the strategic plan for the next year is formalized. The board also regularly discusses strategic initiatives at most board meetings held throughout the year. In general, the board monitors management's achievements in implementing Topaz's strategies and objectives.

Business and Risk Management

The board of directors has the responsibility to take all reasonable steps to ensure that management has identified the principal risks of Topaz's business and has implemented appropriate systems to manage these risks. In this regard, the board and management of Topaz have established a risk management framework.

Financial Management, Compliance Reporting, Internal Controls and Integrity

The board is responsible for approving Topaz's financial statements and reviewing and overseeing compliance requirements that apply to our business. In addition, the board, through the audit committee, the governance, compensation and sustainability committee, and the reserves committee, reviews the effectiveness of Topaz's control processes and information systems by consulting with management and outside experts as necessary to ensure the integrity of the processes and systems. The committees review these control processes on a continuing basis. In 2020, the audit committee continued to monitor the testing of the control processes and systems of Topaz through regular updates at each meeting of the committee.

Whistleblower Policy

The audit committee oversees the application of a whistleblower policy and the functioning of a whistleblower hotline. This hotline is operated by a third party service provider to provide an anonymous way for employees and others to report concerns or complaints regarding accounting, internal accounting controls or auditing matters, as well as other matters, including suspected violations of the law, breaches of Topaz's material policies, workplace conduct issues, and health, safety and security matters. Any reports made through the hotline regarding financial matters are reported directly to the chair of the audit committee.

Topaz has established a set of core values that are communicated to all employees and include the expectation that employees (including senior executive team members) will promote the highest standards of honesty and integrity in order to create a culture of integrity throughout the organization.

Succession Planning and Appointment of Senior Management

The board of directors is responsible for succession planning and for choosing the President and Chief Executive Officer. The governance, compensation and sustainability committee reviews succession planning issues on a regular basis. The board approves decisions relating to the appointment of senior management personnel and any employment contracts or other special arrangements that may have a material impact on Topaz or its human resources and/or compensation policies.

Compensation

The governance, compensation and sustainability committee reviews the compensation and performance of officers and employees and makes recommendations in this area to the board of directors for approval. This committee also reviews the compensation of directors and makes compensation recommendations to the board of directors for approval.

Corporate Communications

The board approves all of Topaz's major disclosure documents, including:

- annual and quarterly financial statements;
- management's discussion and analysis;
- the annual information form;
- quarterly earnings news releases; and
- the management information circular.

A disclosure policy has been adopted by the board, which covers the accurate and timely communication of all important information. Topaz's disclosure policy is posted on our website www.topazenergy.ca. This policy is reviewed annually under the supervision of the compensation, governance and sustainability committee and was reviewed by this committee and revised by the board in 2020. Topaz provides updates to shareholders as required and also communicates through its website at www.topazenergy.ca. Topaz's code of ethics is also posted on this website, as are certain other policies of Topaz.

Communicating with Topaz's Board and Management

We are committed to providing Topaz's shareholders and investors with accurate and timely information about Topaz's strategy and business. In addition to releasing the major disclosure documents discussed above, management holds quarterly conference calls with financial analysts, shareholders and other stakeholders. Management also participates in industry-sponsored conferences. Shareholders can ask questions and provide feedback to management and the board of directors at our annual shareholders' meeting. You can also provide us with feedback through our website at www.topazenergy.ca.

Expectations of Topaz's Directors

Independence

We believe that an independent board is a fundamental principle of good corporate governance. In addition, in order for Topaz to comply with Canadian securities laws, the majority of our directors must be independent. A director is considered independent in accordance with the Governance Guidelines only where the board determines that the director has no direct or indirect material relationship with Topaz, or any of its affiliates or subsidiaries. A material relationship is defined in the

Governance Guidelines to mean any relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Topaz's governance, compensation and sustainability committee is responsible for regularly assessing director independence and for ensuring that the board of directors functions independently of management. The board is ultimately responsible for determining whether or not each director is independent under the definition of independence in the Governance Guidelines. On an annual basis, as part of a detailed questionnaire process that is overseen by external legal counsel, the governance, compensation and sustainability committee reviews each relationship that a director has with Topaz and its affiliates and subsidiaries, including business, not-for-profit directorships, familial and other relationships, in order to determine whether the director is or remains independent. This committee's assessment of independence is then reviewed by the board.

The board has determined that all of the nominated directors are independent, except Mr. Rose because he is the President, Chief Executive Officer and Chairman of Tourmaline, Mr. Robinson because he is the Vice-President, Finance, Chief Financial Officer and a director of Tourmaline and Mr. Staples, because he is the President and Chief Executive Officer of Topaz. Each of the independent directors is free from any business, familial, or other relationship which could, in the view of the board, be reasonably expected to interfere with the director's ability to exercise his or her independent judgment.

Conflicts of Interest

Topaz's directors must avoid conflicts of interest and adhere to our code of ethics which is further described below. If a director has a material interest in a potential transaction or agreement, the director must disclose his or her interest in such transaction or agreement and cannot vote on any matter related to the transaction or agreement. In addition, each director is required to annually sign a supplement to our code of ethics stating that the director shall make full disclosure of any conflict of interest, real or perceived, between his or her personal business and affairs and the interests of Topaz. Directors are required to ensure that their private and personal interests neither interfere with, nor appear to interfere with, the interests of Topaz.

Related Party Transaction Policy

To govern transactions contemplated between Topaz and non-arm's length parties, Topaz's directors must deal in a manner that is consistent with corporate and securities laws and adhere to our code of ethics. Any related person, which includes a director, officer or significant shareholder of Topaz, or a director or officer of a significant shareholder of Topaz who has a material interest in a transaction or proposed transaction, shall disclose the nature and extent of such person's interest in writing to Topaz upon becoming aware of such transactions or as otherwise required to make such disclosure in accordance with applicable securities regulations. No director or officer shall participate in any review, evaluation, negotiation or approval of a related party transaction for which he or she is a related person, except that the director or officer may provide information concerning the related party transaction to the directors who do not have an interest in such transaction.

Chair and Lead Independent Director

The Chairman of the board is appointed by the board and serves in a non-executive capacity. Mr. Michael L. Rose, a non-independent director is Topaz's Chair. Accordingly, Topaz has appointed Mr. Steve Larke as the lead independent director. Topaz strongly believes in having an independent lead director who is responsible for leading the board. Topaz's lead director is responsible for providing guidance to the board in the discharge of its mandate and responsibilities, ensuring the board meets its duties and responsibilities. The Chairman of the board does not have a second or casting vote at directors' meetings in the event of a tie vote.

Director Overboarding and Outside Directorships

The governance, compensation and sustainability committee periodically assesses whether to adopt a formal policy limiting the number of outside directorships held by Topaz's directors. This committee remains of the view that a formal policy is unnecessary at this time in light of the limited number of outside directorships that Topaz's current directors hold. This committee will continue to monitor this matter and may, in the future, recommend the implementation of a formal policy in this regard.

In Camera Meetings

The board of directors meets *in camera* at each board meeting, without non-independent directors, officers or other management team members present. All board committees also meet *in camera* and independently of management at every meeting. The chairs of the board and the board committees follow up with the President and Chief Executive Officer as

necessary with respect to matters requiring management action that are raised at these *in camera* meetings. The board also excuses members of management and any non-independent directors from portions of any meeting at which a potential conflict arises or where otherwise appropriate. In 2020, six board meetings were called and the independent directors met following each meeting.

Attendance, Participation and Quorum

We expect directors to attend all board meetings and meetings of board committees to which they belong, as well as the annual shareholders' meeting. We expect directors to properly prepare for meetings, completing a fulsome review of all materials circulated in advance of a meeting. Directors must arrive prepared to discuss, in a meaningful and constructive way, the matters at hand. In assessing director performance, the governance, compensation and sustainability committee considers each director's attendance record on an annual basis. If a director does not appear to be adequately engaged in the board's work from attendance, preparedness, and participation perspectives, such director will not be recommended for nomination to further serve on Topaz's board.

In 2020, current directors attended 100% of board and board committee meetings.

The by-laws of Topaz provide that quorum at a directors' meeting consists of a majority of directors.

Financial Literacy

The board has determined that all members of the audit committee are financially literate as described in National Instrument 52-110. In addition to being financially literate, the terms of reference require that all committee members will also have a working familiarity of basic finance and accounting practices and at least one member shall have accounting or related financial management expertise, which requirements are also met by the audit committee members.

Independent Advisors

In order to ensure that the board is able to function independently of management, the board and its committees have the ability to hire independent advisors, as necessary and at Topaz's expense, to carry out their respective duties and responsibilities.

Position Descriptions

The board has developed written position descriptions for its Chairman, the Lead Independent Director, the President and Chief Executive Officer and the Vice President, Chief Financial Officer of Topaz. The responsibilities of each committee are set out in each respective committee's terms of reference, which also include the responsibilities of each committee chair. The written position descriptions of the Chairman of the board, and the committee terms of reference are available on Topaz's website at www.topazenergy.ca. The governance, compensation and sustainability committee is responsible for developing and updating the position descriptions.

Board Committees

The board has three committees to assist with its responsibilities, as further described below. Further information about each committee and its members can be found in this circular, and in the terms of reference of each committee, which are available at www.topazenergy.ca. These documents are reviewed on an annual basis by the relevant committee and material changes are reviewed and approved by the board of directors.

Audit Committee

The audit committee is responsible for overseeing our financial reporting and for monitoring our internal controls and financial risk management activities. In addition, this committee monitors our internal and external auditors. The committee meets quarterly with management and the external auditors, and meets separately with both management and the external auditors at the end of each committee meeting.

Chair:	John Gordon
Members:	Tanya Causgrove and Darlene Harris
Number of Meetings in 2020:	3
Independence:	100%

Qualifications:	All members must be financially literate as described in National Instrument 52-110. All committee members must have a working familiarity of basic finance and accounting practices and at least one member must have accounting or related financial management expertise.
Financial Experts:	All three members of the committee are considered financial experts.

Reserves Committee

The reserves committee assists the board by dealing with specific issues in the evaluation of the Topaz's reserves. This committee also reviews risk management initiatives related to these matters.

Chair:	Darlene Harris
Members:	Jim Davidson and Rafi Tahmazian
Number of Meetings in 2020:	The first meeting of the Reserves Committee was held in 2021
Independence:	100%
Qualifications:	An engineering or operations background is considered an asset. Senior executive, and legal, compliance and/or regulatory experience is also important.

Governance, Compensation and Sustainability Committee

The governance, compensation and sustainability committee's mandate is to enhance Topaz's corporate governance, compensation and sustainability through a continuing assessment of its approach to corporate governance, compensation and sustainability and to make policy recommendations to the board on related matters.

Chair:	Steve Larke
Members:	Tanya Causgrove and John Gordon
Number of Meetings in 2020:	3
Independence:	100%
Qualifications:	Human resources or compensation experience is important as well as governance and ESG and sustainability experience. Senior executive, and legal, compliance and/or regulatory experience is also important. Experience serving on compensation committees of other boards is an asset.

Ethical Business Conduct

Code of Business Conduct and Ethics

Topaz's code of business conduct and ethics applies to all directors, officers, employees, consultants and contractors of Topaz and its subsidiaries. All employees (including executive officers) and directors must certify compliance with the code of business conduct and ethics annually. The governance, compensation and sustainability committee has the responsibility to monitor compliance with the code of ethics and to recommend improvements as deemed necessary or appropriate. The code of ethics can be viewed in its entirety at www.topazenergy.ca.

To date, Topaz has not been required to file a material change report that pertains to issues arising in relation to Topaz's code of business conduct and ethics, including any issues related to conduct of a director or executive officer of Topaz that constitutes a departure from the code of business conduct and ethics.

Orientation

All new directors receive a comprehensive orientation following their appointment to the board of directors. Access to comprehensive information regarding Topaz is provided to each new director by the Vice President, Finance and Chief Financial Officer which includes the following:

– details about duties and obligations as a member of Topaz’s board	– claw-back policy	– PSU plan
– Topaz’s articles and by-laws	– Topaz’s share ownership guideline for directors and officers	– DSU plan
– Board Mandate	– key policies, including the code of business conduct and ethics, disclosure, confidentiality and trading policy, related party transaction policy, diversity policy, executive compensation recoupment policy, human rights and health & safety policy, majority voting policy, whistleblower policy, related party transaction policy and stakeholder engagement policy	– Share Option Plan
– terms of reference for each board committee		– recent public disclosure documents
– organization charts		– information about Topaz’s directors’ and officers’ liability insurance program
		– indemnity agreement form for directors and officers

The orientation program for each new director is tailored to his or her needs. However, the focus of the orientation program is on providing new directors with:

- information about the director’s duties and obligations as a member of the board of Topaz and any board committee on which the director is invited to serve;
- information about Topaz’s business and operations;
- information about courses and programs in relation to Topaz’s business; and
- the expectations of directors.

New directors are invited to meet with the Chairman of the board, other directors, and senior members of the management team following their appointment.

Continuing Education

Regular Business Updates, Monthly Report to the Board and Board Library

Regular updates on Topaz’s business are typically provided at the board’s quarterly meetings. Other updates provided from time to time include assessments of Topaz’s performance relative to its strategic plan, which plan is considered in detail at the board’s annual strategic planning session, Topaz’s performance relative to its peers, and other developments that could materially affect Topaz’s business, including any significant regulatory developments.

Diversity

The governance, compensation and sustainability committee and Topaz’s board actively monitor governance developments in the U.S. and Canada and we have been participating in the public discussion regarding board diversity. Our board supports the objectives of increasing diversity and, in particular, the number of women directors and executive officers as further described below.

Topaz’s board believes that diversity strengthens our business. Multiple perspectives assist our board in our decision-making processes, through facilitating a better understanding of our business environment, increasing our ability to identify risks, and allowing us to more creatively solve problems. The board is currently comprised of two women and six men (or, in other

terms, is 33% women). Our management team is currently comprised of two women and two men (or, in other terms, is 50% women). Our awareness of the importance of diversity has been heightened and our intent is to carefully consider diversity in our board and management recommendations and appointments going forward.

Topaz agrees that our industry will be well served through increased representation of women on boards and in leadership roles. We are committed to advancing women and other individuals of different backgrounds through our leadership development programs. By creating more opportunities at all levels within Topaz's organization, we believe we are successfully promoting the objectives of diversity.

Sustainability and ESG Initiatives

Topaz does not conduct oil and gas operations therefore is not responsible for the emissions or abandonment obligations associated with oil and gas operations. Topaz is committed to up-holding and improving its environmental profile and does so using disciplined ESG-integrated investment criteria through alignment with operators focused on strong environmental stewardship which has been demonstrated through the strategic partnerships Topaz has developed and the assets it has acquired to date.

Topaz continually strives to conduct its business in an ethically, environmentally and socially responsible manner and is committed to maintaining open and constructive communication with its stakeholders which guides our community engagement with an emphasis on (i) promoting healthier and more sustainable communities, (ii) supporting educational opportunities and (iii) fostering engagement in the community.

Nomination of Directors, New Director Search Process and Directors' Skills Matrix

In determining whom to recommend as board nominees, the governance, compensation and sustainability committee, which is comprised entirely of independent directors, annually reviews the performance of each individual director that is facilitated by external counsel on an anonymous basis and undertakes a detailed search in the event that a new or additional board member is to be added to the board of directors. In 2020, the governance, compensation and sustainability committee completed a comprehensive review of its directors' skills matrix. The content and reporting approach of the directors' skills matrix were compared against those of the Compensation Peer Group companies as well as governance best practices. The board felt that the current matrix sufficiently met the needs of the board at this time. In 2021, the directors completed a self assessment based on the categories within the skills matrix. Each director rated his or her own skill level in the areas determined to be critical to the success of the organization. The purpose of this assessment is to allow Topaz to better understand the skills of each individual director based on overall combination of education, work experience, board experience and training.

New Director Search Process

The governance committee considers gaps in the board's composition or expertise, taking into account the directors' skills matrix that the committee has developed, prior to seeking new candidates for board membership. Please see the skills matrix below for further information. The governance committee also considers the potential need for a more diverse group of directors over time, from perspectives such as gender, age, and ethnicity, in accordance with Topaz's board and senior management diversity policy. A proposed candidate profile is then prepared which includes specific attributes that candidates should possess. The governance committee considers engaging outside consultants to assist in identifying prospective board candidates that possess the specific attributes identified. The committee also invites current board members, including the current President and Chief Executive Officer, to provide nominees for the position based upon the profile. The governance committee then compares the skill sets, expertise and backgrounds of the nominees to the board composition and expertise gaps identified previously. Each nominee's achievements, experience, independence, and integrity are also considered by the governance committee, in addition to the existing commitments of a nominee, to ensure that such nominee will be able to fulfill his or her obligations as a board member.

Following the completion of the governance committee's review process, the governance committee then provides its recommendations to the board of directors. The board, taking into account the governance committee's recommendations, determines the individuals to be recommended to shareholders to serve as directors, or, in the event a director is appointed between annual shareholders' meetings to fill a vacancy, the board ultimately determines whom to appoint.

Directors' Skills Matrix

Skill	Rose	Staples	Causgrove	Davidson	Gordon	Harris	Larke	Robinson	Tahmazian
Executive Leadership & Strategy	√	√	√	√	√	√	√	√	√
Enterprise Risk Assessment	√		√	√	√	√	√	√	√
Value Creation & Change Management	√	√	√	√	√	√	√	√	√
Sustainability including Environment, Social and Governance ("ESG") and Health & Safety	√		√	√	√	√	√	√	√
Operations	√	√	√	√	√	√	√	√	√
Compensation and Human Resources	√	√	√	√	√	√	√	√	
Financial Literacy, Accounting and Tax	√	√	√	√	√	√	√	√	√
Legal, Regulatory, ESG and Governmental	√	√	√		√	√	√	√	
Business Development	√	√	√	√	√	√	√	√	√
Technical Oil and Gas Background	√	√				√		√	
Reserves Evaluation	√	√		√		√	√	√	√

Assessing the Board

The governance, compensation and sustainability committee is responsible for reviewing and reporting to the board on an annual basis its assessment of the performance of the board and the basis of its evaluation. In completing this assessment, this committee must review the performance of individual board members and also assess the effectiveness of the board as a whole and recommend steps which may be taken to improve effectiveness.

Annual Directors' Questionnaire

A key part of the assessment process is the annual completion of an anonymous and confidential long form written directors' questionnaire by each director ("**Questionnaire**"). The content of the Questionnaire is reviewed each year by the governance, compensation and sustainability committee and is revised as appropriate prior to the issuance of the Questionnaire to all directors in the last quarter of each year. The results of the Questionnaire are considered by the governance committee in its report and recommendations regarding board member performance are made to the board. The Questionnaire includes numerous questions pertaining to the operation and governance of the board, resources and information available to the board, planning and budgeting processes, orientation and continuing education, board effectiveness, board communications, independence of directors, Chairman and committee performance and disclosure issues.

The Questionnaire also includes a detailed peer evaluation section, through which the directors independently evaluate each board member's effectiveness in areas such as communication skills, dedication to the board, understanding of Topaz's business and risks and, if applicable, committee responsibilities. A self-evaluation component is included in the current Questionnaire.

Following the governance, compensation and sustainability committee's review of the Questionnaire results, the chair of the governance, compensation and sustainability committee meets with the Chairman of the board to review the results, after which the Chairman meets with directors individually to discuss the peer evaluation results and any outstanding issues. In 2021, a summary of the responses and themes comprised within the Questionnaire results was prepared by external legal counsel and reviewed by the governance, compensation and sustainability committee.

Retirement Policy Applicable to Directors and Director Term Limits

A retirement policy applicable to directors of Topaz has not yet been adopted. At this time, due to the lack of an adoption of a retirement policy, the governance, compensation and sustainability committee believes that term limits are not required. The committee's viewpoint is that tenure limits arbitrarily restrict experienced board members from service and that it can be important to ensure that valuable insights into Topaz's operations, history, and policies are available through the contributions of some longer tenured directors. The committee is also of the view that director performance issues are sufficiently addressed through the board's annual director assessment processes.

Shareholder Engagement

Topaz believes in the importance of communicating with our shareholders and has an extensive shareholder communication program. Part of this program includes senior management annually attending investor conferences and road-shows, which also includes hosting one-on-one shareholder meetings. In addition, Topaz also communicates with its shareholders through a variety of mediums which include its website, annual and quarterly financial reports, the annual information form, news releases, investor presentations, industry conferences, and other stakeholder and community events. We also hold quarterly conference calls and webcasts which are open to all shareholders. A list of upcoming conference calls and events can be found on Topaz's website at www.topazenergy.ca.

The board of directors communicates directly with shareholders annually through the management information circular and the annual meeting of shareholders. We also encourage shareholders to engage with Topaz representatives on relevant matters as we recognize that communication with shareholders is a key part of our governance practices. Comments, questions or inquiries can be directed to 1-866-716-7473. You can also write to the Chair of the Board or the Lead Independent Director at the following address:

c/o Topaz Energy Corp.
2900, 250 - 6th Avenue SW
Calgary, Alberta T2P 3H7

3. Executive and Director Compensation

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

This section of our circular describes Topaz's executive compensation program. It includes information relating to our philosophy and approach to executive compensation, the methodologies and market research we use in determining compensation, as well as actual compensation paid to Named Executive Officers for their 2020 performance.

Named Executive Officers

For 2020, Topaz's Named Executive Officers are the following individuals:

- Marty Staples, President and Chief Executive Officer
- Cheree Stephenson, Vice President, Finance and Chief Financial Officer
- Warren Orban, Business Development Manager
- Susie Cooke, Finance Manager

Board of Directors Oversight and Governance of Compensation

To oversee our compensation practices, our board has established the Governance, Compensation and Sustainability Committee (the "Committee") comprised solely of independent directors as defined by National Policy 58-201 – Corporate Governance Guidelines.

The Committee is comprised of Mr. Steve Larke (Chair and Lead Independent Director), Ms. Tanya Causgrove and Mr. John Gordon, all of whom are knowledgeable with respect to executive compensation as set forth under the heading "Director Profiles" in this Circular.

Governance, Compensation and Sustainability Committee Mandate

With respect to compensation, the Committee reviews and approves the Corporation's compensation philosophy and remuneration policies for executives and employees of the Corporation and recommends to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees. The Committee reviews and approves corporate goals and objectives relevant to the compensation of the executives, evaluating their performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) executive compensation based on such evaluation, which includes reviewing risks facing the Corporation relating to executive and employee compensation matters and recommending mitigation strategies to manage such risks.

Based on recommendations made by the Committee, the Board approves compensation paid to the CEO and other executive officers.

Compensation Philosophy

The Board recognizes that the Corporation's success is dependent on its ability to attract, retain and motivate superior performing executives and employees, which requires an appropriately structured and executed compensation program. The Corporation's compensation policies are founded on the principle that executive and employee compensation should focus on a pay-for-performance approach to align with the long-term interests of Topaz shareholders. The Corporation's compensation plans are therefore intended to encourage decisions and actions that will result in the Corporation's growth and in the creation of long-term shareholder value, while specifically not rewarding excessive risk-taking by management or employees. In determining the compensation to be paid to executives, the Committee takes into account corporate and individual achievements, comparative market data and other relevant information.

In 2020, the Corporation's first full fiscal year operation, Topaz's executive compensation structure was comprised of salary, discretionary cash bonus and participation in the Corporation's Share Option Plan. Early in 2021, the Committee developed

and enhanced the Corporation's compensation structure. In conjunction with these changes, the Corporation is seeking shareholder approval of a PSU and DSU plan.

Effective January 1, 2021, the Corporation intends to use a corporate scorecard which establishes its short and long-term performance goals and outlines the direct linkage between achieving these goals and the short term incentive plan ("STIP") and long term incentive plan ("LTIP") to ensure that achieving such goals is based upon objective measures. Through the expected use of a PSU plan, PSUs would be granted to executives and employees and vest using 3 year average performance measures, further linking compensation to long-term corporate performance.

The principal components of the Corporation's executive compensation plans are as follows:

- Total compensation targeted at the median of similar Canadian energy companies, with compensation weighted toward variable pay and pay at risk.
- The Corporation does not have a pension plan for its NEOs. A Common Share savings plan which demonstrates our attention to Common Share ownership, was implemented effective April 1, 2021 through which Common Shares are purchased and employee contributions are matched by the Corporation up to a maximum of 10% of the employee's base salary.
- The Corporation established its performance goals prior to the beginning of the current fiscal year to ensure that achieving such goals is based upon an objective measure.
- Topaz does not currently have employment agreements with its NEOs and therefore they do not benefit from pre-determined compensation awards in the event of a change of control and/or loss of position.

The Committee's objective is to ensure that the compensation of the NEOs provides a competitive package with comparable companies in the market with which the Corporation competes for talent that reflects both base expectations to attract and retain the appropriate level of individuals, provide a link between discretionary short and long-term incentives with short and long-term corporate goals, and overall, align with the interests of the Corporation's shareholders.

Compensation Governance Practices and Structure Reflects Responsibilities and Compensation Risk of Executive Officers

The key features of the Corporation's compensation structure are salaries, annual cash bonuses and equity incentive compensation, which are important individually, and when taken together, demonstrate the Committee's commitment to strong governance, risk management, shareholder alignment and pay-for-performance philosophy. The compensation structure for the executive officers is strongly weighted to variable pay and at-risk compensation, which reflects their responsibilities and overall impact on Corporation performance.

Dedicated Committee

The Board has created a separate, independent and engaged Committee with the necessary skills, knowledge and experience to make methodical and sound decisions as they relate to compensation. The Committee's risk management practices ensure that the Corporation's compensation plan encourages and rewards the right behavior.

Share Ownership Guidelines

The Board encourages share ownership for executive officers and directors and has developed guidelines to align the long-term interests of the executive team and directors with those of shareholders. Guidelines for all executive officers of the Corporation require that they accumulate Common Shares representing at least an amount equal to three times their base salary (valued using the greater of: (a) the market value of the shares or (b) the initial price paid for the shares). Vested and unexercised Options and PSUs will not be included in the calculation, only Common Share ownership. Guidelines for all directors of the Corporation require that they accumulate Common Shares or DSUs representing at least an amount equal to three times their base compensation (valued using the greater of: (a) the market value of the shares or DSUs or (b) the initial price paid or granted for the shares or DSUs, respectively). Vested and unexercised Options will not be included in the calculation, only Common Share and DSU ownership. Any new executive officers or directors will have three years to accumulate the required ownership and they must show an increase in holdings every year until the requirement is met. In the event a participant's target is increased, a further two-year period is provided to meet the new share ownership target.

Speculative Hedging Prohibited

The Disclosure, Confidentiality and Trading Policy provides that directors, officers and employees of the Corporation are prohibited from participating in transactions that could be perceived as speculative or influenced by positive or negative perceptions of the Corporation's prospects. Such prohibited speculative transactions include the use of puts, calls, collars, spread bets, contracts for difference, engaging in short selling (i.e. selling securities not owned or not fully paid for) and engaging in speculative hedging activities of any kind.

Policy Compliance

Like all employees, directors and contractors, on an annual basis, the executive officers sign the Corporation's Code of Business Conduct and Ethics that guides the Corporation's expectations for behavior.

Change of Control Contracts

Topaz does not currently have employment agreements with its NEOs and therefore they do not benefit from pre-determined compensation awards in the event of a change of control and/or loss of position.

Overlap of Board Committees

Overlap of Board Committee members helps to provide context in terms of compensation risk management; Board members who are not part of the Committee are invited to provide input when needed as well as attend Committee meetings to which they are not members of.

Executive Compensation Recoupment Policy

Compensation paid to executive officers of the Corporation is subject to repayment if financial results, which were the basis for the payment of such compensation, were subsequently restated and it is determined that willful misconduct or fraud caused or significantly contributed to the restatement.

Succession Planning

The Committee conducts an assessment of succession and resourcing planning risks facing the Corporation and identifies ways in which to mitigate any such risks to provide for timely and effective continuity of leadership for the Corporation.

Corporate and Compensation Risk Management

The Board has overall responsibility to establish or cause to be established systems to identify the principal risks to Topaz and ensure that the best practical procedures are in place to monitor and mitigate the risks. The Board's risk oversight process builds upon management's risk identification assessment and mitigation processes; which include but are not limited to reviews of long-term strategic and financial planning; code of business conduct and ethics compliance; regulatory compliance; and financial reporting and controls. The Committee assists the Board by reviewing risks facing the Corporation relating to executive and employee compensation matters and recommending mitigation strategies to manage such risks.

Topaz's board of directors has ultimate responsibility for the oversight of the organization's risk management function. The board has delegated its responsibility for risk management oversight in relation to compensation policies and practices to the committee. Topaz's compensation framework incorporates a number of elements that are intended to ensure that inappropriate or excessive risk-taking is not encouraged, including the following:

- 1. Formal Decision-Making Process:** Topaz follows a formal process for making executive compensation decisions. After a comprehensive review by the committee, pay recommendations are considered and must be approved by the full board. No individual, or group of individuals, has undue influence on the determination of executive pay.
- 2. Benchmarking:** Executive compensation is reviewed annually and we use industry benchmarking data to assess the competitiveness and appropriateness of proposed pay levels versus comparator groups in our sector of the energy industry.

3. **Independent Advice:** The committee uses external advisors, when required, to review Topaz's executive compensation framework and provide an assessment of our pay practices versus those of our peers.
4. **Focus on Long-Term Performance:** Topaz ensures that executive pay is heavily weighted toward long-term incentives. Furthermore, a large portion of our cash flow is derived from stable, long-term contracts with no commodity price exposure. Our business fundamentals and compensation practices promote long-term performance rather than short-term gains.
5. **Importance of Corporate, Business Unit and Individual Objectives:** Topaz's corporate, business unit and individual officer objectives are formally documented each year. Accordingly, performance expectations are highly visible and form the basis for determining individual compensation awards.
6. **Share Ownership Guideline:** Mandatory share ownership requirements apply to our senior officers and directors. Such requirements help promote a balance between short and long-term objectives by ensuring that officers and directors have a vested interest in creating long-term, sustainable value for Topaz's shareholders.
7. **Policy Prohibiting Hedging:** Topaz has implemented a policy that prevents our officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of our common shares.
8. **Limitations on Short-Term Incentives:** Topaz's compensation framework specifies maximum short-term incentives based on a multiple of each senior executive's base salary. Limitations on short-term incentive payments serve to discourage excessive risk-taking.
9. **Claw-Back Policy:** This policy allows Topaz to recover past incentive compensation awards under the circumstances of fraud or willful misconduct on the part of the executive.

Topaz believes that our corporate culture also plays an important role in preventing inappropriate and excessive risk-taking.

The Committee has considered the concept of risk in relation to our executive compensation program and has not identified any risks arising from Topaz's compensation policies and practices that are reasonably likely to have a material adverse effect on our business.

Use of Professional Judgment

As the Corporation was recently formed and operates in a cyclical industry, at times it may need to adjust its short-term strategy to address unexpected changes. The Committee may apply judgment to assess the performance of the Corporation and its executives in leveraging unexpected opportunities or mitigating unexpected risks while delivering on its goals.

Compensation Peer Group

In order to ensure that the Corporation's overall compensation package is competitive, the Committee reviewed the most recent publicly available compensation information from a group of public Canadian energy peers. The Committee considered the cash flow and enterprise value of the prospective peer companies relative to Topaz, and while certain peer companies in the group are not “royalty and/or energy infrastructure companies”, they are companies that Topaz competes with for talent and the Committee will review and determine whether alternative or additional peers should be considered for future years. Based on the foregoing criteria, the following listed companies were deemed reasonable peers to benchmark executive compensation (“Compensation Peer Group”):

Advantage Oil & Gas Ltd.	Paramount Resources Ltd.
Birchcliff Energy Ltd.	Peyto Exploration & Development Corp.
Enerplus Corp.	Pipestone Energy Corp.
Freehold Royalties Ltd.	Prairiesky Royalty Ltd.
Gibson Energy Inc.	Storm Resources Ltd.
Kelt Exploration Ltd.	Tidewater Midstream Ltd.
NuVista Energy Ltd.	

Executive Compensation Pay Structure

Named Executive Officers for 2020

Topaz was formed in November 2019 and appointed its CEO and CFO on April 15, 2020. The Corporation hired two additional full-time employees in the fourth quarter of 2020. The NEOs for the purpose of the Circular include the Corporation's four full-time employees:

Mr. Marty Staples President & CEO	Ms. Cheree Stephenson Vice President, Finance & CFO
Mr. Warren Orban Business Development Manager	Ms. Susie Cooke Finance Manager

General

Based on recommendations made by the Committee, the Board makes decisions regarding salaries, annual bonuses and equity incentive compensation for the CEO and CFO and approves corporate goals and objectives relevant to the compensation of the CEO and CFO. The Board solicits input from the CEO, CFO and the Committee with respect to compensation for other employees. The Corporation did not hire any additional employees until late in the fourth quarter of 2020 therefore annual bonuses and equity incentive compensation were not paid to other employees in respect of 2020 performance. Total compensation is targeted at the median of the Compensation Peer Group, with compensation weighted toward variable pay and pay at risk.

In determining the 2020 short term incentive compensation (cash bonuses) and long-term equity incentive compensation (awards through the Share Option Plan) for the CEO and CFO, the Committee measured corporate performance and also considered the achievement of individual accountabilities and significant contributions to the Corporation by the CEO and CFO during the 2020 fiscal year. The Committee measured corporate performance by considering the following categories:

Financial	Growth of the corporation's low cost, high margin royalty and infrastructure revenue streams, balance sheet management and accretive capital deployment
Shareholder return	Cash flow per share growth and dividend distributions targeting 60-90% of cash flow
Strategy	Development and execution of corporate strategy
Environment, Social & Governance	Development of corporate governance and ESG framework

Overview of the Corporation's accomplishments in 2020 include:

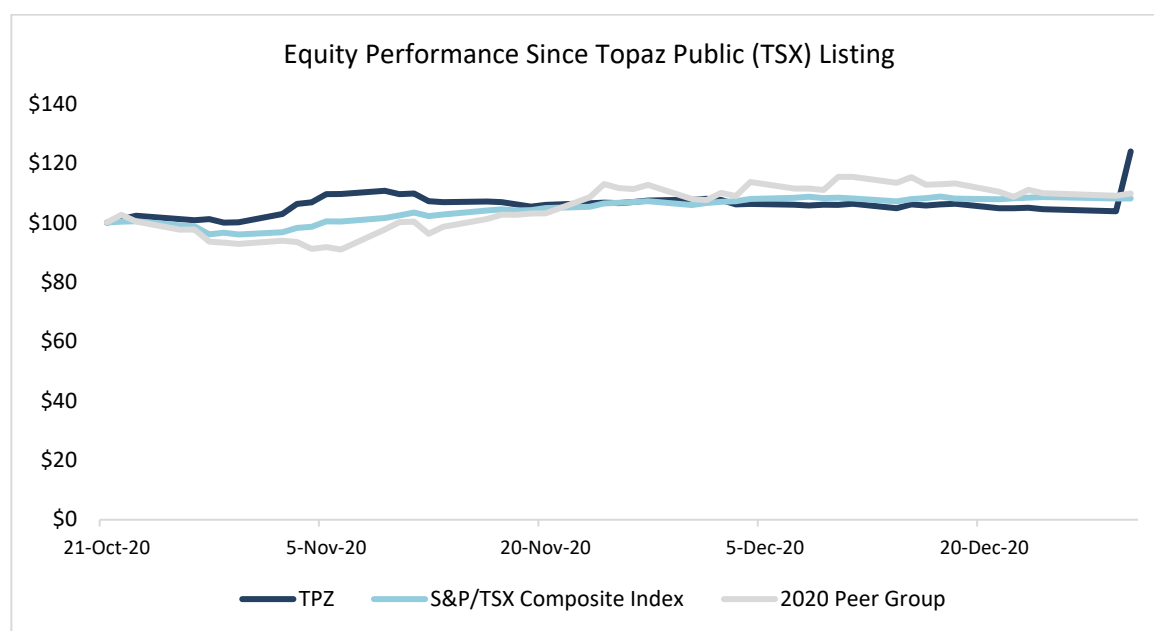
Financial	<ul style="list-style-type: none">Generated EBITDA of \$89.3 million, realizing an EBITDA margin of 89% for the year ended December 31, 2020.Ended 2020 with no leverage, \$100 million of expanded credit capacity and \$238.3 million adjusted working capital to fund further growth initiatives.Deployed \$171.5 million on royalty and infrastructure acquisitions which contributed annualized 2020 EBITDA of \$19.5 million.
Shareholder return	<ul style="list-style-type: none">Increased cash flow per share from \$0.15 for the period ended December 31, 2019 to \$0.99 for the year ended December 31, 2020.Paid dividends of \$73.1 million (\$0.80 per share) in 2020 representing a payout ratio of 82%.
Strategy	<ul style="list-style-type: none">Established Topaz as a unique, premium differentiated royalty and infrastructure company and established an independent executive team.Completed a private placement in June and July 2020 consisting of 13.2 million common shares for gross proceeds of \$145.3 million.Completed the Corporation's initial public offering, raising \$250.1 million and listing its common shares on the Toronto Stock Exchange in October 2020.

Environment, Social & Governance

- During 2020 Topaz expanded its board of directors, appointed a lead independent director, broadened its board diversity from an expertise/experience and gender perspective and established three committees each comprised of independent directors, and implemented additional corporate governance policies.
- During 2020 Topaz supported a number of community endeavors focused on education and social issues.

2020 Equity Performance

The graph below compares the performance of the Corporation since it completed its initial public offering and its shares were listed on the Toronto Stock Exchange (with all dividends reinvested), to the S&P/TSX Composite Index and the average return for the Compensation Peer Group, each starting with an investment of \$100 on October 21, 2020.

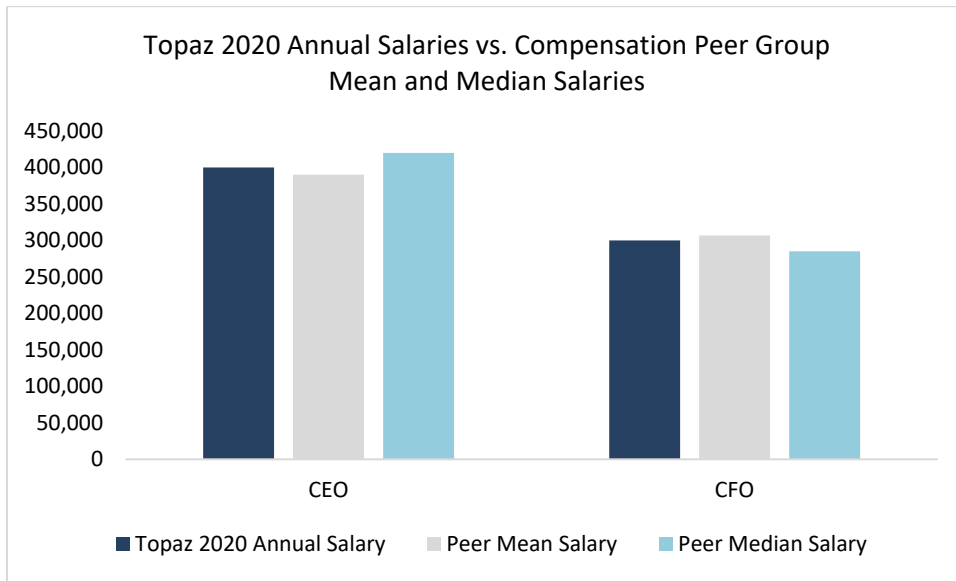


Components of Compensation

1. Base Salary

The base salary is intended to provide a fixed level of compensation that reflects a NEO's primary duties and responsibilities. It also provides a foundation upon which incentive opportunities and benefit levels can be established. The Committee considers a number of factors in the determination of base salaries for executive officers, including Topaz's long-term interests, individual leadership expectations and ability, level of responsibility, individual performance, years of relevant experience and salaries paid by companies of comparable size, geography and complexity in the energy industry. Salaries of the executive officers are reviewed annually in the fourth quarter of each year based upon corporate and personal performance and by taking into account individual levels of responsibility, competitive practices, market and overall economic conditions, and are ultimately approved by the Board. Base salaries for the NEOs are consistent with the median level for similar positions in the Compensation Peer Group but may be adjusted upward or downward in the future to reflect factors that include the relative complexity of the Named Executive Officer's role as compared to the Compensation Peer Group.

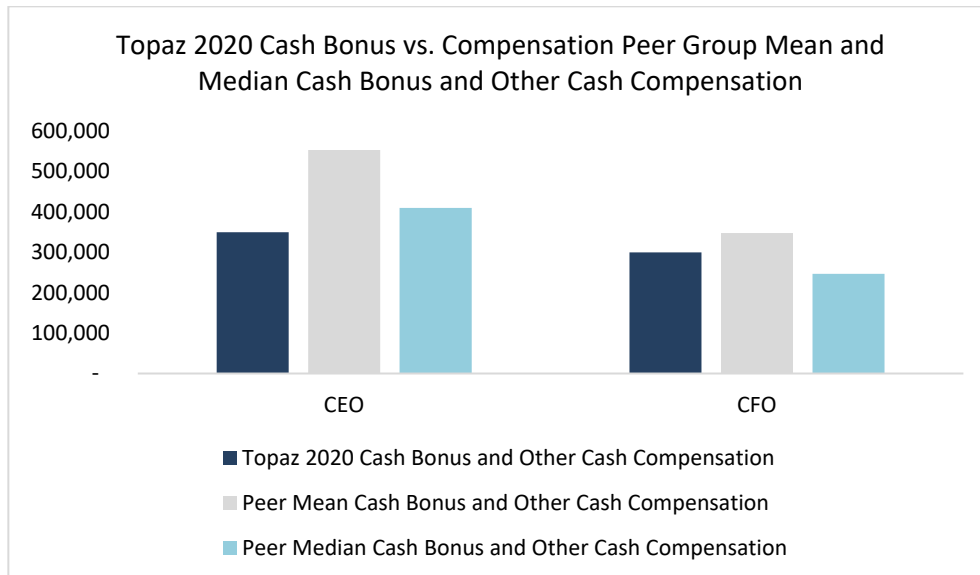
The chart below presents the 2020 annual base salary for the CEO and CFO in comparison to the Compensation Peer Group:



2. Annual Incentive (“STIP”)

For the 2020 fiscal year, the Corporation had a discretionary bonus plan under which cash bonuses were approved by the Board and paid in December 2020. All employees and executive officers of the Corporation were eligible to participate in the bonus plan however the Corporation did not hire any employees until late in the fourth quarter of 2020 therefore cash bonuses were only paid to the CEO and CFO for the 2020 fiscal year. The cash bonuses paid were determined by considering both the Corporation's overall performance and each executive's individual contribution to the Corporation's performance, as recommended by the Committee and approved by the Board.

The chart below presents the 2020 cash bonus paid to the CEO and CFO in comparison to the Compensation Peer Group:

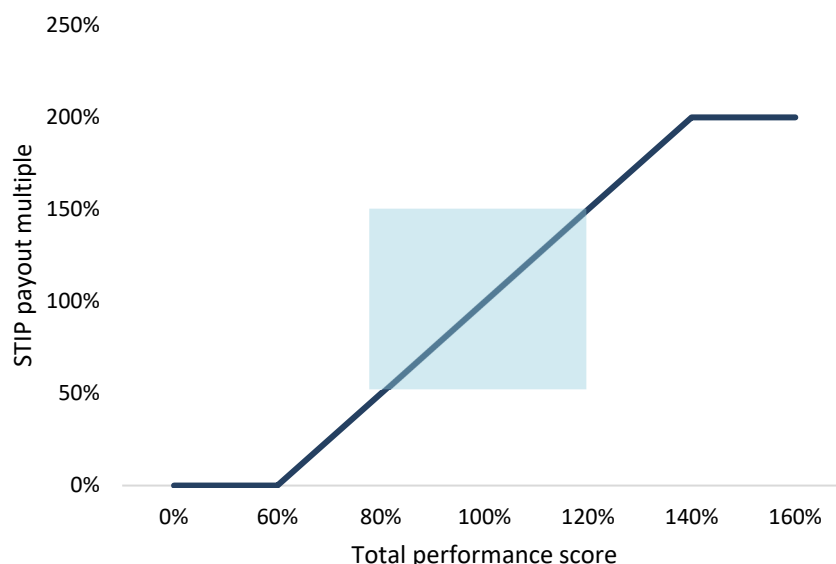


Effective January 1, 2021, the Committee has developed a corporate scorecard which establishes its short-term performance goals and outlines the direct linkage between achieving these goals and the short term incentive plan (“STIP”) to ensure that achieving such goals is based upon objective measures. The Committee believes that variable incentive or “at risk” compensation motivates individual performance and aligns executive and employee performance with the Corporation’s objectives and shareholder interests. For executives, STIP awards will be weighted 80% to corporate performance and 20% to individual performance. For other NEOs, STIP awards will be weighted 60% to corporate performance and 40% to individual performance. At the election of the employee, STIP awards will be payable in 100% cash, or 50% cash and 50% equity whereby the equity component would garner a 20% incentive, subject to a two year hold. The Corporation believes the equity incentive will promote Common Share ownership and provide further alignment with shareholders.

Performance Measure	Metrics Measured	Weighting
Financial	Free cash flow per share growth	50%
Financial leverage	Optimization of the Corporation’s cost of capital without significant risk	15%
Strategy	Investment opportunity identification and risk considerations	25%
Environment, Social & Governance	Depth of ESG integration and corporate activities including quality of ESG reporting	10%

In a typical year, Topaz expects the performance to be within a 20% range of target which would result in STIP awards between 50% and 150% of the annual targets. Significant under or over performance may result in STIP awards that range as low as 0% (for corporate and individual performance score below target threshold) and as high as 200% of target (for corporate and individual performance exceeding target threshold).

Presented below is the graphical relationship between the total performance score and the STIP payout multiple.



Calculation of STIP Incentive

The calculation of the STIP incentive to be paid is a product of the NEOs base salary, the weighted corporate and individual performance scores and the payout percentage multiplier according to the score.

3. Long-Term Incentive (“LTIP”)

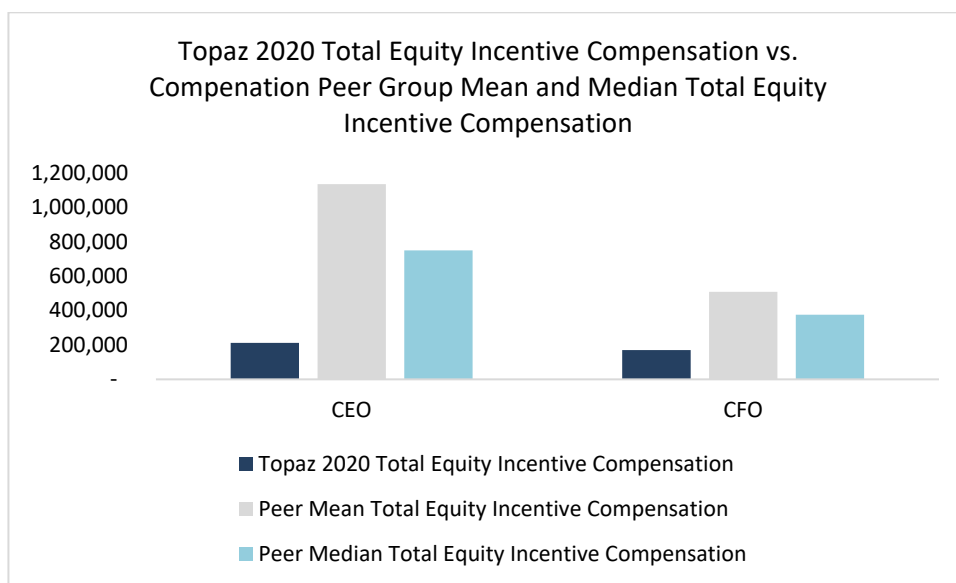
For the 2020 fiscal year, the Corporation awarded long-term compensation through its Share Option Plan, which is intended to encourage participants to focus on creating and improving the Corporation’s long-term financial success by providing participants an opportunity to increase their ownership interests in the Corporation as well as to encourage participants to work towards long-term share price appreciation. The purpose of the Share Option Plan is to align the interests of both shareholders and management. The Board believes that long-term incentive compensation plays an essential role in maximizing shareholder value by attracting and retaining executives who will help the Corporation achieve its goals and objectives.

Executives and employees are awarded Options based upon their relative contribution in achieving the longer term overall performance of the Corporation. It is through the judicious use of the Share Option Plan that the Corporation is able to attract and maintain high-performing and motivated individuals that allow the organization to operate more efficiently and with a significantly lower staff count compared to its peers. The speed and frequency at which operational and strategic decisions must be made in order to effectively and efficiently achieve the Corporation’s goals in a constantly changing environment requires that each and every employee understands the larger picture of performance and their role in it, which is something that universal participation in the Share Option Plan provides.

All employees and executive officers of the Corporation were eligible to participate in the equity incentive compensation plan however the Corporation did not hire any employees until late in the fourth quarter of 2020 therefore Options for the 2020 fiscal year performance were only awarded to the CEO and CFO. The awards were determined by considering both the Corporation’s overall performance and each executive’s individual contribution to the Corporation’s performance, as recommended by the Committee and approved by the Board.

In determining the number of options to be awarded, the Committee considers the grant date value determined by the Black-Scholes methodology (value reported in the Option-based Awards column of the Summary Compensation Table), published peer group data, corporate performance, individual performance, and other applicable factors. To assist in determining reasonable levels of share options awarded to the NEOs, the Corporation uses published data of its Compensation Group as a guideline. Previous Option grants are taken into account by the Board when granting additional Options. The burn rate for 2020 was 1.1%. See “Appendix C – Summary of Share Option Plan” for additional information regarding the Share Option Plan.

The chart below presents the 2020 total equity incentive compensation awarded to the CEO and CFO in comparison to the Compensation Peer Group:



The Committee recognizes that other companies in the Compensation Peer Group offer multiple medium to long-term plans as part of their overall compensation packages and believes a PSU plan demonstrates further alignment with the Corporation’s shareholders. As indicated in this circular, Topaz plans to implement the PSU plan if it is approved by the shareholders at this meeting after which it does not expect to award long-term compensation through its Share Option Plan.

In conjunction with the proposed PSU Plan, the Corporation proposes to amend the Share Option Plan to reduce the maximum number of Common Shares issuable under the Option Plan to 5% of the Common Shares issued and outstanding from time to time as Topaz plans to award long-term compensation through the PSU plan and it does not expect to award long-term compensation through its Share Option Plan. The reduction in the number of Common Shares issuable thereunder are proposed to be approved by the shareholders at the meeting.

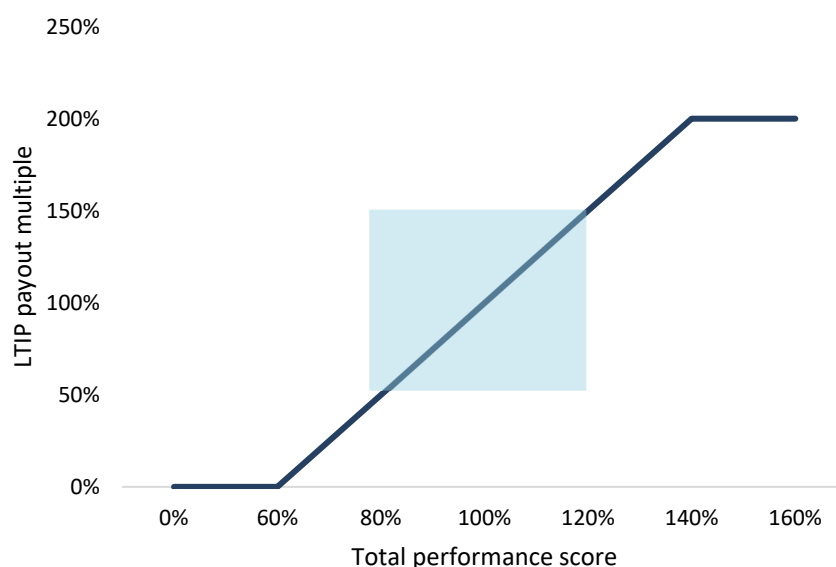
Effective January 1, 2021, the Committee has developed a corporate scorecard which establishes its long-term performance goals and outlines the direct linkage between achieving these goals and the long-term incentive plan (“LTIP”) to ensure that achieving such goals is based upon objective measures. The Committee believes that variable incentive or “at risk” compensation motivates individual performance and aligns executive officer performance with the Corporation’s objectives and shareholder interests.

The Committee believes that the expected use of a PSU plan, whereby PSUs are granted to executives and employees and vest using 3 year average performance measures, and payable after 3 years in cash or equity, further link compensation to long-term corporate performance.

Performance Measure	Metrics Measured	Weighting
Shareholder Return	Shareholder return measured on an absolute basis and relative to Topaz’s peer group	45%
Financial Return	Return on average capital employed and a measure of improvement over time	45%
Strategy	Strategic execution of the business plan including acquisitions and asset and counterparty portfolio balance	10%

In a typical year, Topaz expects the performance to be within a 20% range of target which would result in LTIP awards between 50% and 150% of the annual targets. Significant under or over performance may result in LTIP awards that range as low as 0% (for corporate and individual performance score below target threshold) and as high as 200% of target (for corporate and individual performance exceeding target threshold).

Presented below is the graphical relationship between the total performance score and the LTIP payout multiple.



Calculation of LTIP Incentive

The calculation of the LTIP incentive to be paid is a product of the NEOs base salary, the weighted corporate performance score and the payout percentage multiplier according to the score.

4. Employee Share Purchase Plan (“ESPP”)

Effective April 1, 2021, the Corporation established an Employee Share Purchase Plan (the “ESPP”) to encourage long-term ownership of Common Shares of Topaz without increasing stock dilution, as the Common Shares are purchased in the open market. The plan not only enhances employee retention but also provides for a compensation package that is in-line with its peers and further promotes alignment with longer-term interests between employees and shareholders. The ESPP is administered by a third-party firm and allows employees to purchase Common Shares in the open market and hold them in a non-registered savings plan. The Corporation will match employee contributions on a 1 for 1 basis up to an employer contribution maximum of 10% of base salary. Employees that contribute to the ESPP will have Common Shares purchased for them, as beneficial shareholders, by the administrator of the ESPP who will hold the Common Shares on the employees’ behalf. Common Shares purchased using the employer’s contribution are subject to a one-year hold period from the contribution date. The Corporation’s executives are eligible to participate in the same ESPP as employees, which further promotes share ownership. The independent directors are not eligible for participation in the ESPP.

Summary Compensation Table

Based on the information available at the date hereof, the following table sets out information concerning the compensation paid by the Company to the Named Executive Officers for the fiscal year ended December 31, 2020.

Name and Principal Position	Salary (\$) ⁽¹⁾	Option- based awards (\$) ⁽²⁾	Annual incentive plans (\$) ⁽³⁾	Long-term incentive plans (\$) ⁽⁴⁾	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
Marty Staples, President and CEO	\$288,327	\$212,200	\$350,000	N/A	Nil	\$850,527
Cheree Stephenson, Vice President, Finance and CFO	\$216,245	\$169,760	\$300,000	N/A	Nil	\$686,005
Warren Orban, Business Development Manager	\$28,750	\$258,030	Nil	N/A	Nil	\$286,780
Susie Cooke, Finance Manager	\$12,433	Nil	Nil	N/A	Nil	\$12,433

Notes:

- (1) Base salaries presented are actual salaries paid during the year. The Company’s Named Executive Officers commenced employment with the Company during 2020 as follows: Marty Staples, President and CEO - April 15, 2020; Cheree Stephenson, Vice President, Finance and CFO - April 15, 2020; Warren Orban, Business Development Manager – November 16, 2020; and Susie Cooke, Finance Manager – December 7, 2020.
- (2) Represents estimation of the fair value of the options on the date of the grant in accordance with IFRS and does not reflect what was actually paid to the option holder. The fair value of options granted are estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions for the year ended December 31, 2020: weighted average risk-free interest rate of 0.42%; dividend per share of \$0.80; volatility factor of the estimated price of the common shares of 33%; and an average expected life of the Options of five years. The fair value is allocated to accounting periods in accordance with IFRS. Options were granted to Ms. Cooke subsequent to December 31, 2020.
- (3) The amount of non-equity incentive compensation paid to the Named Executive Officers in the form of annual cash awards for the 2020 calendar year. All employees and executive officers of the Corporation were eligible to participate in the bonus plan however the Corporation did not hire any employees until late in the fourth quarter of 2020 therefore cash bonuses were only paid to the CEO and CFO for the 2020 fiscal year.

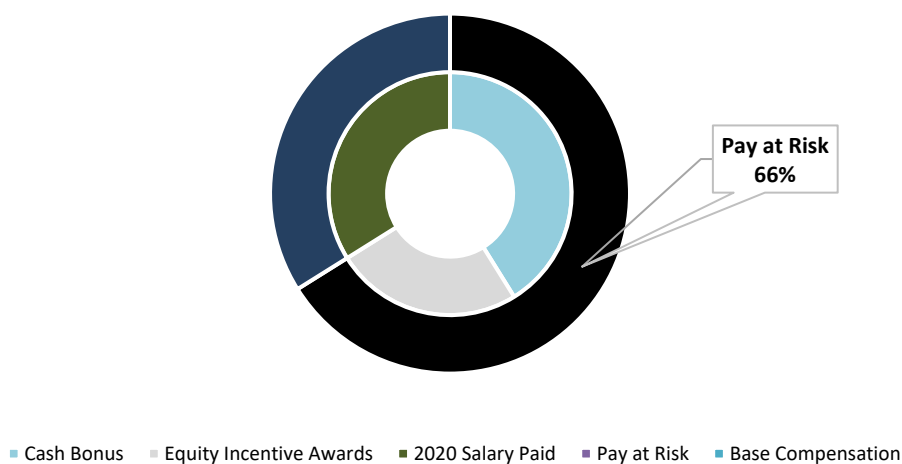
- (4) No property or other personal benefits were provided to the NEOs that are not generally available to all employees and, that in aggregate, were worth \$50,000 or more, or were worth 10% or more of the NEO's total salary for the year ended December 31, 2020.
- (5) The Company does not have a pension plan. Effective April 1, 2021 the Company implemented the employee share purchase plan – see “ESPP.”

2020 CEO and CFO Compensation Composition

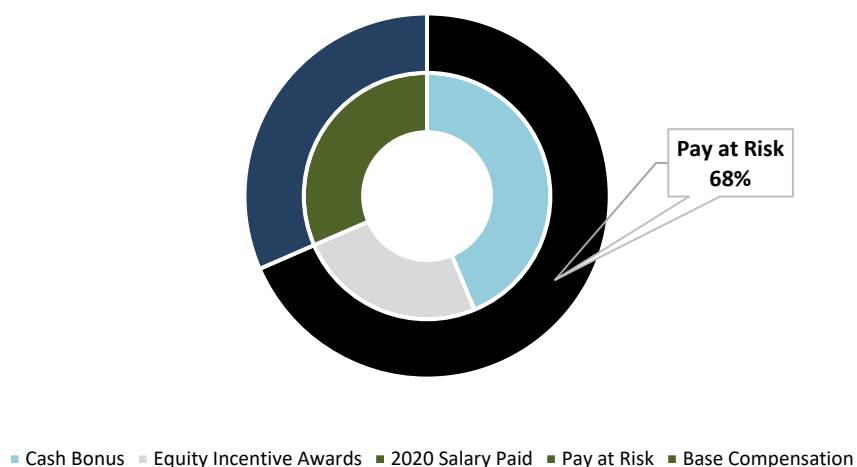
In an effort to align pay levels for the CEO and CFO with the Corporation’s performance and the interests of the shareholders, the Corporation places the greatest emphasis on performance based annual and long term incentives rather than base salary.

The chart below presents the composition of total compensation paid to the CEO and CFO in the 2020 fiscal year:

2020 CEO Compensation Composition



2020 CFO Compensation Composition



Outstanding Option-Based Awards

The following table sets forth, for each Named Executive Officer, information concerning the option-based awards that were outstanding at December 31, 2020. The Company has no outstanding share-based awards.

Name and Principal Position	Common Shares underlying unexercised Options (#)	Exercise prices of Options (\$)	Option expiration dates	Value of unexercised in-the-money Options (\$)⁽¹⁾
Marty Staples, President and CEO	250,000	\$10.00	April 15, 2027	\$900,000
Cheree Stephenson, Vice President, Finance and CFO	200,000	\$10.00	April 15, 2027	\$720,000
Warren Orban, Business Development Manager	140,000	\$13.87	Dec. 15, 2027	\$37,800

Notes:

- (1) Calculated based on the difference between the December 31, 2020 closing price of the Common Shares on the TSX of \$13.60, and the exercise price of the Options, if positive, multiplied by the number of Options.

Option-Based Awards — Value Vested or Earned

No option-based awards presently awarded to the Named Executive Officers had vested by December 31, 2020.

Termination and Change of Control Benefits

The Company has not entered into executive employment agreements with any Named Executive Officer nor has it entered into any change of control provisions that provide for payment of severance, other than the accelerated vesting of Options in connection with a Take-Over Bid (as defined in the Option Plan).

Directors' Compensation

The compensation of the Company's directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of its shareholders. The Board, on the recommendation of the Committee, is responsible for reviewing and approving any changes to the directors' compensation arrangements.

No retainer fees are currently paid to the directors. In consideration for serving on the Board, each director was granted Options in respect of 200,000 Common Shares pursuant to the Option Plan. Directors will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

The following table sets out information concerning the annualized compensation paid by the Company to the directors.

Name	Fees earned (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Michael L. Rose	Nil	\$167,744	Nil	Nil	\$167,744
Tanya Causgrove ⁽²⁾	Nil	\$213,718	Nil	Nil	\$213,718
Jim Davidson	Nil	\$167,744	Nil	Nil	\$167,744
John Gordon	Nil	\$167,744	Nil	Nil	\$167,744
Darlene Harris	Nil	\$212,049	Nil	Nil	\$212,049
Steve Larke	Nil	\$167,744	Nil	Nil	\$167,744
Brian G. Robinson	Nil	\$167,744	Nil	Nil	\$167,744
Rafi Tahmazian	Nil	\$167,744	Nil	Nil	\$167,744

Notes:

- (1) Represents estimation of the fair value of the options on the date of the grant in accordance with IFRS and does not reflect what was actually paid to the option holder. The fair value of options granted are estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions for the year ended December 31, 2020: weighted average risk-free interest rate of 0.42%; dividend per share of \$0.80; volatility factor of the estimated price of the common shares of 33%; and an average expected life of the Options of five years. The fair value is allocated to accounting periods in accordance with IFRS.
- (2) Compensation awarded to Ms. Causgrove is held for the benefit of ARC Financial or its affiliates pursuant to a written agreement between Ms. Causgrove and ARC Financial.

Directors will participate in the insurance and indemnification arrangements described under "*Directors and Executive Officers — Insurance Coverage and Indemnification*".

Director Outstanding Option-Based Awards

The following table sets forth, for each director, information concerning the option-based awards that were outstanding at December 31, 2020. The Company has no outstanding share-based awards.

Name	Option-based awards ⁽²⁾			
	Common Shares Underlying unexercised Options (#)	Exercise prices of Options (\$)	Option expiration dates	Value of unexercised in-the- money Options (\$) ⁽¹⁾⁽²⁾
Michael L. Rose	200,000	\$10.00	December 17, 2026	\$720,000
Tanya Causgrove ⁽³⁾	200,000	\$11.00	August 15, 2027	\$520,000
Jim Davidson	200,000	\$10.00	December 17, 2026	\$720,000
John Gordon	200,000	\$10.00	December 17, 2026	\$720,000
Darlene Harris	200,000	\$11.00	June 15, 2027	\$520,000
Steve Larke	200,000	\$10.00	December 17, 2026	\$720,000
Brian G. Robinson	200,000	\$10.00	December 17, 2026	\$720,000
Rafi Tahmazian	200,000	\$10.00	December 17, 2026	\$720,000

Notes:

- (1) Calculated based on the difference between the December 31, 2020 closing price of the Common Shares on the TSX of \$13.60, and the exercise price of the Options, if positive, multiplied by the number of Options.
- (2) 400,000 option-based awards presently awarded to the directors had vested by December 31, 2020, none of which were exercised before December 31, 2020.
- (3) The Option Plan was amended to restrict a director from receiving more than \$100,000 of option value during a calendar year pursuant to any future option grants.
- (4) Option awards received by Ms. Causgrove are held for the benefit of ARC Financial or its affiliates pursuant to a written agreement between Ms. Causgrove and ARC Financial.

4. Other Information

Interest in the business of the meeting

To the best of our knowledge, none of the following people has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the meeting (other than the election of directors):

- anyone who has been a director or executive officer of Topaz at any time since January 1, 2020;
- any of the nominees for director; or
- any of their associates or affiliates.

Interest in material transactions

Other than the publicly announced transactions with Tourmaline, to the best of our knowledge, none of the following people has a material interest, direct or indirect, in any transaction since January 1, 2020, or in any proposed transaction, that has materially affected or will materially affect the company or any of our subsidiaries:

- anyone who beneficially owns or exercises control or direction over 10% or more of our common shares;
- any of the nominees for director; or
- any of their associates or affiliates.

Indebtedness to the company

None of the following people is currently indebted to the company or has been at any time since January 1, 2020:

- anyone who has been a director or executive officer of Topaz at any time since January 1, 2020;
- any of the nominees for director; or
- any of their associates or affiliates.

Non-GAAP measures

In addition to using financial measures prescribed by International Financial Reporting Standards ("IFRS" or "GAAP"), references are made in this circular to "free cash flow", which is a measure that does not have any standardized meaning as prescribed by IFRS. Management uses this term for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund dividends and a portion of its future growth expenditures or to repay debt. Accordingly, investors are cautioned that this non-GAAP financial measure may not be comparable to similarly defined measures presented by other entities and should not be considered in isolation nor as an alternative to net income (loss) from continuing operations or other financial information determined in accordance with GAAP as an indication of the Company's performance. References to "free cash flow" are to the amount of cash estimated to be available for dividends to shareholders in accordance with the Company's dividend policy and is defined as cash flow less capital expenditures, where "cash flow" is defined as cash from (used in) operations before changes in non-cash working capital. This circular also makes reference to the terms "EBITDA", "EBITDA margin," "payout ratio," "working capital", "adjusted working capital", "net debt (cash)", which are not recognized measures under GAAP, and do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses the terms "EBITDA," "EBITDA margin," "payout ratio," "working capital," "adjusted working capital," and "net debt (cash)" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund dividends and a portion of its future growth expenditures or to repay debt. Accordingly, investors are cautioned that the non-GAAP financial measures should not be considered in isolation nor as an alternative to net income (loss) from continuing operations or other financial information determined in accordance with GAAP as an indication of the Company's performance. For these purposes, "EBITDA" is net income or loss from continuing operations, excluding extraordinary items, plus interest expense, income taxes and the capital portion of any finance lease received, and adjusted for non-cash items including depletion and depreciation and share-based compensation and gains or losses on

dispositions. "EBITDA margin" is defined as EBITDA divided by total revenue and other income (expressed as a percentage of total revenue and other income). "Payout ratio" is dividends paid expressed as a percentage of cash flow. "Working capital" is current assets less current liabilities. "Adjusted working capital" is current assets less current liabilities, adjusted for financial instruments and "net debt (cash)" is total debt outstanding less adjusted working capital.

Oil and Gas Metrics

This circular contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon.

General

See also "Forward-Looking Statements", and "Non-GAAP Financial Measures" in the most recently filed Management's Discussion and Analysis.

Our principal corporate and registered office:

Topaz Energy Corp.
Suite 2900, 250 — 6th Avenue S.W.
Calgary, Alberta T2P 3H7

All information in this circular is as of May 7, 2021 and all dollar amounts are in Canadian dollars, unless we note otherwise.

Contact us at the address above for a copy of our financial statements and MD&A for the year ended December 31, 2020. Financial information about Topaz can be found in our comparative annual financial statements and MD&A for our most recently completed financial year. You can also find these documents and other important information about Topaz on our website (www.topazenergy.ca) and on SEDAR (www.sedar.com).

APPENDIX A

Board of Directors' Mandate

GENERAL

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

- in consultation with the chief executive officer of the Corporation (the "CEO"), define the principal objectives of Topaz;
- supervise the management of the business and affairs of Topaz with the goal of achieving Topaz's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

SPECIFIC

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Establish processes as required that adequately provides for succession planning, including the appointment, training and monitoring of senior management.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of Topaz's strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to Topaz and ensure that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established an adequate system of internal control.
- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding Topaz's financial and other disclosure.
- Review and approve Topaz's financial statements and oversee Topaz's compliance with applicable audit, accounting and reporting requirements.

- Approve annual operating and capital budgets.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve a Code of Business Conduct and Ethics (the "Code") for directors, officers, employees and contractors and monitor compliance with the Code and approve any waivers of the Code for officers and directors.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout Topaz and demonstrate a commitment to conducting business ethically and legally and in a manner that is fiscally, environmentally and socially responsible.

Board Process/Effectiveness

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to such meetings. Directors are expected to attend all meetings.
- Engage in the process of determining Board member qualifications with the Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re assess the adequacy of the mandate of the committees of the Board on a regular basis.
- Appoint members to committees and appoint the chairperson of each committee, having received the recommendation of the Committee. In this regard, consideration should be given to rotating committee members from time to time and to the special skills of particular directors.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of Topaz's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which Topaz operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Corporation, as determined by the Board.

In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

DELEGATION

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.
- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of Topaz, the Chair of the Board will act as a liaison between stakeholders of Topaz and the Board (including independent members of the Board).

APPENDIX B

Share Unit Plans

TOPAZ ENERGY CORP. PERFORMANCE SHARE UNIT PLAN

The Board of Directors of Topaz Energy Corp. has adopted this Performance Share Unit Plan governing the issuance of Share Units (as defined herein) of the Company to Participants (as defined herein).

ARTICLE 1 DEFINED TERMS

1.1 Where used herein, the following terms shall have the following meanings, respectively:

"**Account**" means the account maintained by the Company for each Participant in connection with the operation of the Plan to which any Share Units in respect of a Participant will be credited under the Plan;

"**Administrator**" has the meaning ascribed thereto in Section 10.3;

"**Applicable Withholding Taxes**" has the meaning ascribed thereto in Section 12.2;

"**Beneficiary**" means an individual who is a dependent or legal relation of a Participant and, as of the date of the Participant's death, has been designated as the Participant's beneficiary in accordance with Section 9.2 and the laws applying to the Plan, or, where no one has been validly designated or the individual designated does not survive the Participant, the Participant's legal representative;

"**Black-Out Period**" means a period of time imposed by Topaz pursuant to any insider trading policy of the Company in effect at the applicable time upon certain designated persons during which those persons may not trade in securities of the Company;

"**Board**" means the board of directors of the Company;

"**Business Day**" means a day on which there is trading on the Toronto Stock Exchange (or, if the Shares are not then listed and posted for trading on the Toronto Stock Exchange, such other stock exchange on which the Shares are then listed and posted for trading, and if none, a day that is not a Saturday or Sunday or a national legal holiday in Canada);

"**Change of Control**" means:

- (i) the sale by Topaz of all the assets of Topaz or substantially all the assets of Topaz; or
- (ii) the acquisition, directly or indirectly by any person (whether from the Company or from any other person) of securities of Topaz entitled to vote in respect of the election of directors of Topaz in all circumstances or in specified circumstances that have occurred and are continuing or will with a lapse of time or notice or both occur (collectively referred to as "**voting shares**") or other securities of Topaz having rights of purchase, conversion or exchange into voting shares which acquired securities, together with securities of Topaz held, directly or indirectly, by such person and persons acting jointly or in concert with such person, have votes attaching thereto exceeding 50% of the number of votes attaching to the issued and outstanding voting shares (assuming the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of voting shares such person or persons would be entitled to); or
- (iii) the amalgamation, arrangement, merger or other consolidation of the Company with or into any one or more other corporations (other than where each of such other corporations is a wholly-owned Subsidiary) where the number of voting shares or other securities of the successor or

continuing corporation having rights of purchase, conversion or exchange into voting shares of the successor or continuing corporation (assuming the purchase, conversion or exchange of such other securities whether then purchasable, convertible or exchangeable or not into the highest number of voting shares of the successor or continuing corporation such persons would be entitled to) held directly or indirectly by a person or combination of persons acting jointly or in concert exceeds 50% of the issued and outstanding voting shares of the successor or continuing corporation (assuming the purchase, conversion or exchange of such other securities whether then purchasable, convertible or exchangeable or not into the highest number of voting shares of the successor or continuing corporation such persons would be entitled to),

provided that notwithstanding the application of the foregoing, a Change of Control shall be deemed not to have occurred if a majority of the Board, acting reasonably, determines prior to the effective date of any transaction which may be considered a Change of Control under this definition, that in substance the transaction does not constitute a change of control of the Company or the circumstances are such that a Change of Control should be deemed not to occur and any such determination shall be binding and conclusive for all purposes under the Plan;

"Company" or **"Topaz"** means Topaz Energy Corp., a corporation existing under the laws of Alberta, and any successor corporation whether by amalgamation, merger or otherwise;

"Consultant" means an individual or corporation, other than an Employee of the Company or a Topaz Entity, that is engaged to provide consulting, technical, management or other services to the Company or a Topaz Entity under a written consulting agreement;

"Designated Broker" has the meaning ascribed thereto in Section 5.2(b);

"Effective Date" has the meaning ascribed thereto in Section 19.1;

"Employee" means any individual who is an employee of the Company or any Topaz Entity;

"Exchange" means the Toronto Stock Exchange or, if at the relevant time the Shares are not then listed on the Toronto Stock Exchange, such other exchange(s) on which the Shares are then listed and posted for trading;

"Executive Officer" means an Employee who is:

- (i) the president and/or chief executive officer of the Company,
- (ii) a vice-president of the Company, or
- (iii) any other Employee which the Board determines, in its sole discretion, is an executive officer or whom the Board believes may have the ability to impact the long-term goals and objectives of the Company or the Topaz Entities, as applicable;

"Expiry Date" means, with respect to any Share Unit, the date specified in the applicable Grant Agreement, if any, as the date on which the Share Unit will be terminated and cancelled or, if later or no such date is specified in the Grant Agreement, December 31 of the third calendar year following the end of the applicable service year;

"Fair Market Value" of a Share means:

- (i) where the Shares are not listed on an Exchange, the fair market value of a Share on a particular date shall be the value as determined by the Board in its sole discretion and in good faith; and
- (ii) where the Shares are listed on an Exchange, the volume weighted average trading price of the Shares on the Exchange (if the Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which the Shares are then listed and posted for trading as may be selected for such purpose by the Board) for the five trading days immediately preceding a particular date;

"Grant Agreement" means the agreement between the Company and a Participant, in such form as may be approved by the Board from time to time, under which a Share Unit is granted, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan;

"Grant Date" means the date upon which a Share Unit is credited to a Participant pursuant to the terms of the Plan;

"Insider" has the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;

"Misconduct" means (i) serious misconduct, including conduct which has a significant negative impact on the reputation or operations of the Company or the Topaz Entities; (ii) fraud; (iii) a material breach of the terms of employment or engagement, including wilful breach of the provisions of applicable Company policies in effect from time to time; or (iv) failure or wilful refusal to substantially perform the employee's duties and responsibilities;

"Outside Date" has the meaning ascribed thereto in Section 5.2(c);

"Participant" means, from time to time, any bona fide Executive Officer, Employee or Consultant of the Company or the Topaz Entities;

"Participant Information" has the meaning ascribed thereto in Section 10.5;

"Payout Multiplier" means the payout multiplier determined by the Board in accordance with Section 5.3;

"Performance Criteria" means such corporate and/or personal performance criteria as may be determined by the Board in respect of the grant and vesting of Share Units to any Participant and determination of the Payout Multiplier, which criteria may be applied to either the Company and the Topaz Entities as a whole or to the Company or a Topaz Entity individually or in any combination, and measured either in total, incrementally or cumulatively over a calendar year or such other performance period as may be specified by the Board in its sole discretion, on an absolute basis or relative to a pre-established target, to the previous years' results or to a designated comparison group;

"Plan" means this Performance Share Unit Plan, as the same may be further amended or varied from time to time in accordance with the terms and conditions hereof and pursuant to any requirements of the Exchange;

"Related Entity" means a person that is controlled by the Company or is controlled by the same person that controls the Company and **"control"** for the purpose of this definition has the same meaning as set out in section 2.23 of National Instrument 45-106;

"Share" means a common share in the capital of the Company;

"Shareholder" means a holder of Share(s);

"Share Unit" means a unit credited pursuant to Article 3, by means of an entry on the books of the Company to a Participant's Account, each of which represents the right to receive a cash payment or its equivalent in fully paid Shares equal to the Fair Market Value of a Share calculated at the date of such payment at the time, in the manner, and subject to the terms of the Plan and Grant Agreement, if applicable;

"Subsidiary", in relation to the Company, means any body corporate, trust, partnership, joint venture, association or other entity of which more than 50% of the total voting power of shares or units, as applicable, of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by the Company;

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

"Termination Date" means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or ceases to provide services as a Consultant to, the Company or a Topaz Entity for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or consulting relationship with the Company or a Topaz Entity. The Board will have

sole discretion to determine whether a Participant has ceased active employment or ceased status as a Consultant and the effective date on which the Participant ceased active employment or status of a Consultant. A Participant will be deemed not to have ceased to be an Employee of the Company or a Topaz Entity in the case of a transfer of his employment between the Company and a Topaz Entity or a transfer of employment between Topaz Entities;

"**Topaz Entities**" means, collectively, any Subsidiaries of the Company and the Company's Related Entities, if any;

"**Unit Release Date**" has the meaning ascribed thereto in Section 5.2(a);

"**Vested Share Unit**" means any Share Unit which has vested in accordance with the terms of the Plan and the Grant Agreement, if applicable; and

"**Vesting Date**" means, in respect of any Share Unit, the date that the Share Unit becomes a Vested Share Unit.

1.2 As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires and references to a person includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), unincorporated association, trust, trustee, executor, administrator or other legal representative. The headings of the articles, sections and clauses are inserted herein for convenience of reference only and shall not affect the meaning of construction thereof.

1.3 Unless otherwise specified, time periods wherein, or following which, any payment (whether in cash or Shares) is to be made or any act is to be done, shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment (whether in cash or Shares) is required to be made on a day which is not a Business Day, such action shall be taken or such payment shall be made on the immediately preceding Business Day.

ARTICLE 2 PURPOSE OF THE PLAN

2.1 The principal purpose of the Plan is to develop the interest of Executive Officers, Employees and Consultants of the Company and the Topaz Entities in the growth and development of the Company by providing them with the opportunity to acquire an increased proprietary interest in Topaz.

ARTICLE 3 GRANT OF SHARE UNITS

3.1 The Board may from time to time grant Share Units to a Participant in such numbers, at such times and on such terms and conditions, consistent with the Plan, as the Board may in its sole discretion determine; provided, however, that no Share Units will be granted after December 15 of a given calendar year.

For greater certainty, the Board shall, in its sole discretion, determine any and all conditions to the vesting of any Share Units granted to a Participant, which vesting conditions may be based on either or both of:

- (a) the Participant's continued employment with, or provision of consulting services to, the Company or a Topaz Entity; and
- (b) such other terms and conditions as the Board may determine in accordance with Section 3.2, including, without limitation, the satisfaction of certain Performance Criteria,

provided that no vesting condition for a Share Unit granted to a Participant shall extend beyond December 15 of the third calendar year following the service year in respect of which the Share Units were granted, and all vesting conditions for a Share Unit granted to an Executive Officer shall be such that the Share Unit complies at all times with the exception in paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act.

- 3.2 Subject to the terms of the Plan, the Board may stipulate additional terms and conditions applicable to a particular grant of Share Units, which shall be specified in the applicable Grant Agreement. The additional terms and conditions may apply to all or a portion of the Share Units granted to a particular Participant, and may provide for graduated vesting contingent upon the satisfaction of certain conditions (where such graduated vesting may be in the form of different percentages which may be greater or lesser than 100%). The Board may, in its discretion, subsequent to the Grant Date of a Share Unit, waive any such term or condition included in a Grant Agreement, or determine that such terms and conditions have been satisfied, subject to applicable law including any applicable requirements of the Exchange. For greater certainty, no term or condition imposed under a Grant Agreement may have the effect of causing settlement and payout of a Share Unit to occur after December 31 of the third calendar year following the service year in respect of which such Share Unit was granted.
- 3.3 No certificates shall be issued with respect to Share Units.
- 3.4 The Board shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties, which records shall, absent manifest error, be considered conclusively determinative of all information contained therein.
- 3.5 The Company shall maintain in its books an Account for each Participant recording at all times the number of Share Units standing to the credit of such Participant. Share Units that (i) fail to vest in a Participant pursuant to the provisions of the Plan or Grant Agreement, or (ii) that are paid out to the Participant or his Beneficiary, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be.
- 3.6 No Executive Officer, Employee or Consultant has any claim or right to be granted a Share Unit under the Plan.

ARTICLE 4 SHARES SUBJECT TO THE PLAN

- 4.1 This Section 4.1 applies to any securities that may be acquired by Participants on any Unit Release Date pursuant to Section 5.2(b) that consist(s) of authorized but unissued Shares. Subject to adjustment for any subdivision, consolidation or distribution of Shares as contemplated by, and in accordance with, Article 8:
- (a) The aggregate number of Shares reserved for issuance pursuant to Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares, shall not exceed ten percent (10%) of the issued and outstanding Shares from time to time.
 - (b) The aggregate number of Shares issued to Insiders pursuant to Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares, shall not, within any twelve (12) month period, exceed ten percent (10%) of the issued and outstanding Shares.
 - (c) The aggregate number of Shares issuable at any time to Insiders pursuant to Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares, shall not exceed ten percent (10%) of the issued and outstanding Shares from time to time.
 - (d) This Section 4.1 and the Company's right to elect under Section 5.2 to satisfy the settlement of Share Units by the issuance of Shares from treasury will be effective only upon receipt of all necessary Shareholder approvals of the Plan, as amended from time to time, as required by the rules, regulations and policies of the Exchange on which the Shares are listed or traded.
 - (e) Subject to the limitations included in this Section 4.1, if any Share Unit granted under the Plan shall expire, terminate, be cancelled or be settled for any reason (including, without limitation, the satisfaction of the Share Unit by means of a cash payment) without being in the form of Shares issued from treasury, any unissued Shares to which such Share Units relate shall be available for the purposes of the granting of further Share Units under the Plan. If any rights to acquire Shares granted under any other security-based compensation arrangements of the Company shall expire or terminate for any reason without having been

exercised in full, any unpurchased Shares to which such security relates shall be available for the purposes of the granting of further Share Units under the Plan. For greater certainty, any increase in the issued and outstanding Shares (whether it is a result of settlement of Share Units or otherwise) will result in an increase in the number of Shares that may be issued pursuant to Share Units outstanding at any time and any increase in the number of Share Units granted will, upon the issue of Shares pursuant thereto, make new grants available under this Plan.

ARTICLE 5 VESTING AND PAYOUT OF SHARE UNITS

- 5.1 Except as otherwise provided herein, the number of Share Units subject to each grant, the Expiry Date of each Share Unit, the Vesting Dates with respect to each grant of Share Units and other terms and conditions relating to each such Share Unit shall be determined by the Board. The Board may, in its discretion, subsequent to the time of granting Share Units, permit the vesting of all or any portion of unvested Share Units then outstanding and granted to the Participant under this Plan, in which event all such unvested Share Units then outstanding and granted to the Participant shall be deemed to be immediately vested.
- 5.2
- (a) On a date (a "**Unit Release Date**") to be selected by the Board following the date a Share Unit has become a Vested Share Unit, which date shall not, in any event, extend beyond December 15 of the third calendar year following the service year in respect of which the particular Share Units were granted, the Company shall either (i) make a cash payment to the Participant equal to the product of the number of Vested Share Units recorded in the Participant's Account multiplied by the Fair Market Value of the Shares on the Unit Release Date, less Applicable Withholding Taxes, or (ii) issue from treasury of the Company that number of Shares in exchange for the Vested Share Units.
 - (b) Subject to the receipt of all necessary Shareholder approvals as required under the rules, regulations and policies of the Exchange and any other stock exchange on which Shares are listed or traded, the Company may, in lieu of the cash payment or issuance of Shares from treasury as contemplated in Section 5.2(a) above, on the Unit Release Date, elect to, through a broker designated by the Company who is independent from the Company and any Topaz Entity (the "**Designated Broker**"), acquire on behalf of such Participant, the number of whole Shares that is equal to the number of whole Vested Share Units recorded in the Participant's Account on the Unit Release Date. If the Company elects to arrange for the purchase of Shares by a Designated Broker on behalf of the Participant, the Company shall contribute to the Designated 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 Designated Broker shall, as soon as practicable thereafter, purchase those Shares on behalf of such Participant on the Exchange.
 - (c) Notwithstanding Sections 5.2(a) and 5.2(b), if on the Unit Release Date a Black-Out Period has been imposed upon a Participant which is still in effect, then the Unit Release Date shall occur within ten days following the expiry of the Black-Out Period.
 - (d) Notwithstanding any other provision of the Plan, but applying Section 5.2(c), if applicable, all amounts payable to, or in respect of, a Participant under this Section 5.2, including, without limitation, the issuance or delivery of Shares or a lump sum cash payment, shall be paid or delivered on or before December 31 of the third calendar year commencing immediately following the service year in which the particular Share Units were granted.
 - (e) Upon payment of any amount pursuant to this Section 5.2 in cash or Shares, as the case may be, the particular Share Units in respect of which such payment was made shall be cancelled in the Participant's Account and on the register maintained by the Company and no further payments (whether in Shares or cash or otherwise) shall be made in relation to such Share Units.
- 5.3 Prior to the Unit Release Date in respect of any Share Units, or prior to the Unit Release Date in the case of a Change of Control or otherwise to the extent that the performance determination has not yet been made, the Board shall assess the performance of the Company for the applicable period. The individual measures considered by the Board in assessing the Performance Criteria, including the comparative weighting of such measures, shall be determined by the Board in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of

the Performance Criteria, the Board shall determine the Company's ranking. The applicable Payout Multiplier in respect of this ranking shall be as determined by the Board in its sole discretion.

- 5.4 Immediately prior to each Unit Release Date, the notional number of Vested Share Units shall be adjusted by multiplying such number by the Payout Multiplier applicable to such Share Units.

ARTICLE 6 DIVIDEND EQUIVALENTS

- 6.1 On any date on which a cash dividend is paid on the Shares, a Participant's Account will be credited with a dividend equivalent in the form of a number of Share Units (including fractional Share Units) calculated by:
- (a) multiplying the amount of the dividend per Share by the aggregate number of Share Units that were credited to the Participant's Account as of the record date for payment of the dividend, and
 - (b) dividing the amount obtained in (a) above by the Fair Market Value on the date on which the dividend is paid.
- 6.2 A written confirmation of the balance in each Participant's Account will be sent by the Company to the Participant upon request of the Participant.

ARTICLE 7 TERMINATION AND CHANGE OF CONTROL

- 7.1 Termination - Notwithstanding the provisions of Article 5 and subject to the remaining provisions of this Article 7 and to any express resolution passed by the Board, on a Participant's Termination Date, any Share Units standing to the credit of such Participant which have not become Vested Share Units on or before the Participant's Termination Date, shall immediately terminate and become null and void as of such Termination Date. For greater certainty, no Share Units shall vest during any reasonable notice period.
- 7.2 Termination Without Cause - Subject to any provisions to the contrary in the employment or consulting agreement of any particular Participant, upon the termination without cause of such Participant, unless otherwise determined by the Board in its sole discretion, those Share Units awarded to such Participant that have not yet become Vested Share Units, but would be eligible for vesting and issuance during the notice period specified in such Participant's employment or consulting agreement, shall vest on the Termination Date. For greater certainty, unless otherwise determined by the Board in its sole discretion, in the circumstances provided for in this Section the Performance Criteria applicable to any Shares that are subject to the accelerated vesting pursuant to this Section 7.2 shall be determined in accordance with the terms of such Participant's employment or consulting agreement or the Grant Agreement.
- 7.3 Termination Upon Death or Disability - Where the Participant's Termination Date occurs as a result of the Participant's death or permanent disability, any Share Units standing to the credit of such Participant shall continue to vest (and be paid out) in the normal course for a period of twelve (12) months extending from the Participant's Termination Date. Any Share Units granted to such Participant which have not become Vested Share Units on or before the date that is the first anniversary of the Participant's Termination Date shall terminate and become null and void as of such date.
- 7.4 Change of Control - In the event of a Change of Control or a determination by the Board that a Change of Control is expected to occur, the Board shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the Participants in, and to prevent the dilution or enlargement of, any Share Units, including, without limitation: (i) ensuring that the Company or any entity which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the Change of Control becoming effective will provide each Participant with new or replacement or amended Share Units which will continue to vest and be exercisable following the Change of Control on similar terms and conditions as provided in this Plan; (ii) causing all or a portion of the outstanding Share Units to become Vested Share Units prior to the Change of Control; or (iii) any combination of the above.

**ARTICLE 8
AMENDMENT AND TERMINATION**

- 8.1 Subject to this Article 8, the Plan may be amended at any time by the Board in whole or in part, provided that no amendment shall be made which would cause the Plan, or any Share Units granted hereunder, to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act or any successor provision thereto.
- 8.2 Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Company (including any Exchange on which the Shares are then listed and posted for trading), the Board may at any time, without further action by, or approval of, the Shareholders, amend the Plan or any Share Unit granted under the Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
- (a) ensure that Share Units granted under the Plan will comply with any provisions respecting share units or other security based compensation arrangements in the Tax Act or other laws in force in any country or jurisdiction of which a Participant to whom a Share Unit has been granted may from time to time perform services or be resident;
 - (b) make amendments of a procedural or "housekeeping" nature;
 - (c) change the termination provisions of a Share Unit granted under the Plan which does not entail an extension of the Expiry Date of the Share Unit beyond the original Expiry Date of the Share Unit; or
 - (d) suspend or terminate the Plan.

Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any Share Units theretofore granted.

- 8.3 Notwithstanding Section 8.2, approval of the Shareholders will be required in order to:
- (a) increase the maximum number of Shares reserved for issuance under the Plan;
 - (b) amend the determination of Fair Market Value under the Plan in respect of any Share Unit;
 - (c) extend the Expiry Date of any Share Unit;
 - (d) remove or increase any limit on grants of Share Units to Insiders;
 - (e) expand the circumstances under which Share Units may be assigned or transferred as permitted by Section 9.1 hereof;
 - (f) amend the class of eligible Participants under the Plan;
 - (g) amend this Section 8.3; or
 - (h) grant additional powers to the Board to amend the Plan or any Share Unit without the approval of Shareholders.
- 8.4 Upon termination of the Plan, subject to a resolution of the Board to the contrary, all unvested Share Units shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the Plan existing at the time of its termination and the applicable Grant Agreement, provided that no further Share Units will be credited to the Account of any Participant. The effective date of the Plan's termination shall be the date upon which no further Share Units remain outstanding.
- 8.5 In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange

of all or substantially all of the property of the Company or other distribution of the Company's assets to Shareholders of the Company (other than the payment of ordinary course cash or stock dividends in respect of the Shares), the number of Shares subject to this Plan and the Share Units then outstanding under the Plan shall be adjusted in such manner, if any, as the Company may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the Plan. Adjustments under this Section 8.5 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

- 8.6 When Share Units become Vested Share Units, all fractional Share Units shall be rounded down to the whole number.
- 8.7 The existence of any Share Units shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company 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.
- 8.8 Notwithstanding the provisions of this Article 8, should changes be required to the Plan by any securities commission, the Exchange or any other governmental or regulatory body of any jurisdiction to which the Plan or the Company now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Company and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

ARTICLE 9 NO TRANSFER OR ASSIGNMENT OF PARTICIPANTS' RIGHTS

- 9.1 Share Units are not assignable or transferable by a Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any Participant under the Plan or to receive any payment (whether in cash or Shares) hereunder shall be liable for or subject to any obligation or liability of such Participant.
- 9.2 Subject to the requirements of applicable law, a Participant may designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

ARTICLE 10 ADMINISTRATION

- 10.1 Nothing in the Plan shall be construed as giving any Participant the right to be retained in the employ of or as a Consultant to the Company or of any Topaz Entity or any right to any payment whatsoever except to the extent of the benefits provided for by the Plan. The Company and the Topaz Entities expressly reserve the right to dismiss any Participant or terminate any Participant's status as a Consultant at any time without liability for the effect which such dismissal or termination might have upon him as a Participant other than as expressly provided for herein. No reasonable notice or payment in lieu thereof will extend the period of employment or engagement as a Consultant for purposes of the Plan.
- 10.2 The Plan shall be administered by the Board, with such assistance from one or more officers of the Company or certain committees of the Board, as the Board deems desirable. The Board has the sole and complete authority, in its discretion, to:
- (a) determine who shall be granted Share Units under the Plan from time to time;
 - (b) grant Share Units under the Plan, including setting of the Grant Date, Unit Release Date, Vesting Date and applicable Performance Criteria or other vesting conditions;

- (c) determine the cash payment to be made to a Participant, or determine the number of Shares to be issued to such Participant, for each Vested Share Unit in accordance with Section 5.2 hereof;
- (d) to approve of the form and determine the terms and provisions of each Grant Agreement (which need not be identical) entered into in connection with the Share Units granted hereunder;
- (e) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan and any Grant Agreements;
- (f) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it considers necessary or advisable for the proper implementation and administration of the Plan;
- (g) exercise rights reserved to the Company under the Plan;
- (h) determine whether and to the extent to which any Performance Criteria or other conditions applicable to the vesting of Share Units have been satisfied or shall be waived or modified;
- (i) determine the Payout Multiplier in respect of a particular period;
- (j) prescribe forms for notices to be prescribed by the Company under the Plan; and
- (k) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.

The Board's determinations and actions under this Plan are final, conclusive and binding on the Company, the Participants, any Beneficiary and all other persons.

10.3 Notwithstanding Section 10.2, the Board may, to the extent permitted by law, and subject to regulatory approval, if any, delegate any or all of its administrative responsibilities under the Plan and powers related thereto to one or more persons including, without limitation, an officer of the Company or a committee of the Board (the "**Administrator**"), and all actions taken and decisions made by such Administrator in this regard shall be final, conclusive, and binding on all parties concerned, including but not limited to, the Company, the Participants, and any Beneficiary. Should the Board delegate its administrative responsibilities under the Plan to an Administrator, all references to "**Board**" throughout this Plan shall be read as "**Administrator**", as applicable.

10.4 All expenses of administration of the Plan shall be borne by the Company as determined by the Board.

10.5 Each Participant shall provide the Company, the Board and the Administrator (either individually or all, as applicable) with all information (including "**personal information**" as defined in the Personal Information Protection and Electronic Documents Act (Canada) or any applicable provincial privacy legislation) they require in order to administer the Plan or to permit the Participant to participate in the Plan (the "**Participant Information**"). The Company, the Board, and the Administrator may from time to time transfer or provide access to the Participant Information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing services to the Company in connection with the operation and administration of the Plan and provided further that such service provider agrees to take appropriate measures to protect the Participant Information and not to use it for any purpose except to administer or operate the Plan. The Company may also transfer and provide access to Participant Information to Topaz Entities for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan expenses. In addition, Participant Information may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Company or the Topaz Entities, provided that such party is bound by appropriate agreements or obligations and required to use or disclose the Participant Information in a manner consistent with this Section 10.5. The Company shall not disclose Participant Information except as contemplated in this Section 10.5 or in response to regulatory filings or other requirements for the information by a governmental authority or regulatory body or a self-regulatory body in which the Company participates in order to comply with applicable laws (including, without limitation, the rules, regulations and policies of the Exchange and any other stock exchange on which the Shares are then listed and posted for trading) or for the purpose of complying with a subpoena, warrant or other order by a

court, person or body having jurisdiction over the Company to compel production of the information. By participating in the Plan, each Participant acknowledges that Participant Information may be so provided as set forth above and agrees and consents to its provision on the terms set forth herein.

ARTICLE 11 LIABILITY

- 11.1 None of the Company, the Board, the Administrator or any person acting on their direction or authority shall be liable for anything done or omitted to be done by such person with respect to the price, time, quantity or other conditions and circumstances of the issuance or purchase of Shares under the Plan or with respect to any fluctuations in the market price of the Shares or in any other connection under the Plan. To the fullest extent permitted by law, the Company shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board (or otherwise and officer or member of a committee of the Board where the Board has designated such person as an Administrator hereunder).

ARTICLE 12 TAXES AND OTHER SOURCE DEDUCTIONS

- 12.1 The Company and the Topaz Entities shall not be liable for any tax imposed on any Participant or any Beneficiary as a result of the crediting, holding or redemption of Share Units, amounts paid or credited to such Participant (or Beneficiary), or securities issued or transferred to such Participant (or Beneficiary) under this Plan. It is the responsibility of the Participant (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.
- 12.2 The Company and the Topaz Entities, as applicable, shall be authorized to deduct, withhold and/or remit from any amount paid or credited hereunder (whether in Shares or cash), or from any amount otherwise payable to the Participant, such amount as may be necessary so as to ensure the Company and/or such Topaz Entity will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant or Beneficiary, as the case may be (the "**Applicable Withholding Taxes**").
- 12.3 The Company may require Participants, as a condition of receiving amounts otherwise to be delivered to them under this Plan (in cash or in Shares), to make a cash payment to the Company in an amount less than or equal to the Applicable Withholding Taxes, and to deliver undertakings to, or indemnities in favour of, the Company respecting the payment by such Participants of applicable income or other taxes.

ARTICLE 13 NO SHAREHOLDER RIGHTS AND UNFUNDED PLAN

- 13.1 Under no circumstances shall Share Units be considered Shares or other securities of the Company, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, including, without limitation, voting rights, dividend entitlement rights or rights on liquidation, nor shall any Participant be considered the owner of Shares by virtue of the award of Share Units.
- 13.2 The Plan shall be unfunded (including for tax purposes) and the Company will not secure its obligations under the Plan. To the extent any Participant or his Beneficiary holds any rights by virtue of a grant of Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

ARTICLE 14 MARKET FLUCTUATIONS

- 14.1 No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Shares which impacts the Share Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to a Participant with respect to the Plan or the Share Units granted whatsoever. In seeking the benefits of participation in the Plan,

a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of Share Units.

**ARTICLE 15
MISCONDUCT**

- 15.1 Subject to the terms of a Participant's written employment agreement with the Corporation or a Topaz Entity and the relevant Grant Agreement, and unless otherwise determined by the Board, if it is determined that there has been Misconduct by a Participant, any Share Units which remain unvested prior to the determination date of such Misconduct, including dividend equivalents in respect of such Share Units, shall not vest and all such Share Units shall be forfeited and cancelled immediately.
- 15.2 This Plan and any actions hereunder will be subject to application of any clawback or similar policies of the Company in effect at the applicable time and from time to time.

**ARTICLE 16
VOLUNTARY PARTICIPATION**

- 16.1 The participation of any Executive Officer, Employee or Consultant in the Plan is entirely voluntary and is not obligatory and shall not be interpreted as conferring on such Executive Officer, Employee or Consultant any rights or privileges other than those expressly provided for herein.

**ARTICLE 17
CURRENCY**

- 17.1 All payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada.

**ARTICLE 18
GOVERNING LAW**

- 18.1 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 laws of Canada applicable therein.

**ARTICLE 19
EFFECTIVE DATE**

- 19.1 This Plan shall take effect on June 23, 2021 (the "**Effective Date**"). The issuance of Share Units under the Plan is subject to acceptance of the Plan by the Exchange and any other relevant regulatory authorities and approval of the Shareholders.

TOPAZ ENERGY CORP. DEFERRED SHARE UNIT PLAN

The Board of Directors of Topaz Energy Corp. has adopted this Deferred Share Unit Plan for Directors governing the issuance of Deferred Share Units (as defined herein) of the Company (as defined herein) to Participants (as defined herein).

ARTICLE 1 DEFINED TERMS

1.1 Where used herein, the following terms shall have the following meanings, respectively:

"**Account**" means the account maintained by the Company for each Participant in connection with the operation of the Plan to which any Deferred Share Units in respect of a Participant will be credited under the Plan;

"**Administrator**" has the meaning ascribed thereto in Section 10.3;

"**Applicable Withholding Tax**" has the meaning set forth in Section 12.2;

"**Attendance Fee**" means, for any 12-month period, amounts payable to a Director as a Board meeting attendance fee or a committee meeting attendance fee;

"**Beneficiary**" means an individual who is a dependent or legal relation of a Participant and, as of the date of the Participant's death, has been designated as the Participant's beneficiary in accordance with Section 9.2 and the laws applying to the Plan, or, where no one has been validly designated or the individual designated does not survive the Participant, the Participant's legal representative;

"**Black-Out Period**" means a period of time imposed by Topaz pursuant to any insider trading policy of the Company in effect at the applicable time upon certain designated persons during which those persons may not trade in securities of the Company;

"**Board**" means the Board of Directors of the Company;

"**Business Day**" means a day on which there is trading on the Toronto Stock Exchange (or, if the Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such other stock exchange on which the Shares are then listed and posted for trading, and if none, a day that is not a Saturday or Sunday or a national legal holiday in Canada);

"**Company**" or "**Topaz**" means Topaz Energy Corp., a corporation existing under the laws of Alberta, and any successor corporation whether by amalgamation, merger or otherwise;

"**Deferred Share Unit**" means a unit granted by the Company to a Participant, by means of an entry on the books of the Company to the Participant's Account, each of which represents the right to receive, on a deferred payment basis, the Fair Market Value of a Share, on the terms and conditions contained in this Plan;

"**Designated Broker**" has the meaning ascribed thereto in Section 7.2;

"**Designated Deferred Share Unit Compensation**" means that part of a Director's compensation that is designated by the Board to be paid in Deferred Share Units;

"**Director**" means a member of the Board or a member of the board of directors of a Topaz Entity, other than a director who is a full-time employee of Topaz;

"**Discretionary Compensation**" means any amount that is approved by the Board, from time to time, to be paid to a Participant in that person's capacity as a Director;

"**Effective Date**" has the meaning set forth in Section 19.1;

"**Elected Amount**" has the meaning set forth in Section 3.2;

"**Exchange**" means the Toronto Stock Exchange or, if at the relevant time the Shares are not then listed on the Toronto Stock Exchange, such other exchange(s) on which the Shares are then listed and posted for trading;

"**Fair Market Value**" of a Share means:

- (i) where the Shares are not listed on an Exchange, the fair market value of a Share on a particular date shall be the value as determined by the Board in its sole discretion and in good faith; and
- (ii) where the Shares are listed on an Exchange, the volume weighted average trading price of the Shares on the Exchange (if the Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which the Shares are then listed and posted for trading as may be selected for such purpose by the Board) for the five trading days immediately preceding a particular date;

"**Financial Quarter**" means each three month period ending on March 31, June 30, September 30 or December 31, respectively, unless otherwise designated by the Board;

"**Topaz Entities**" means, collectively, any Subsidiaries of the Company and the Company's Related Entities, if any;

"**Insider**" has the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;

"**Misconduct**" means (i) serious misconduct, including conduct which has a significant negative impact on the reputation or operations of the Company or the Topaz Entities; (ii) fraud; (iii) a wilful breach of the provisions of applicable Company policies in effect from time to time; or (iv) failure to act in accordance with the Directors' fiduciary obligations;

"**Participant**" means a Director whose services to the Company or Topaz Entity are sufficient, in the opinion of the Board, to warrant participation in the Plan and who is designated by the Board as a Participant;

"**Plan**" means this Deferred Share Unit Plan for Directors, as the same may be further amended or varied from time to time in accordance with the terms and conditions hereof and pursuant to any requirements of the Exchange;

"**Purchase Date**" means, in the case of Designated Deferred Share Unit Compensation for a particular Financial Quarter and the Elected Amount in respect of the Participant's Total Cash Compensation to be earned in such Financial Quarter, the last day of such Financial Quarter, on which date Deferred Share Units representing the Designated Deferred Share Unit Compensation and Elected Amount are payable to the Participant and shall be deemed to be awarded and credited to the Participant's Account;

"**Redemption Date**" in respect of a Participant, means the later of:

- (iii) the third Business Day after the Separation Date; and
- (iv) provided the Participant is not a U.S. Director, such later date, if any, as may be agreed in writing between the Company and the Participant before the Separation Date, provided that such date shall not be permitted to be later than December 15th of the calendar year commencing immediately after the Separation Date;

"**Related Entity**" means a person that is controlled by the Company or is controlled by the same person that controls the Company and "**control**" for the purpose of this definition has the same meaning as set out in section 2.23 of National Instrument 45-106;

"**Separation Date**" means the date that the Participant ceases to serve as a Director of, and is not an employee or officer of, the Company or a Topaz Entity;

"**Share**" means a common share in the capital of the Company;

"**Shareholder**" means a holder of Share(s);

"**Subsidiary**", in relation to the Company, means any body corporate, trust, partnership, joint venture, association or other entity of which more than 50% of the total voting power of shares or units, as applicable, of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by the Company;

"**Terminated Service**" means, with respect to a Participant, that the Participant has ceased to be a Director, other than as a result of death, and has ceased to act in any other capacity with the Company (including as an employee or officer of the Company);

"**Total Cash Compensation**" for a particular Participant means the aggregate of the annual retainer (including any additional amounts payable for serving as lead Director or committee chair or member of the audit committee of the Board), the Attendance Fee and any Discretionary Compensation, that may be or become payable to that Participant (not including any component that, at the relevant time, has been designated as Designated Deferred Share Unit Compensation); and

"**U.S. Director**" means a Director who is a United States citizen or a United States resident as defined under the taxation laws of the United States.

1.2 As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires and references to a person includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), unincorporated association, trust, trustee, executor, administrator or other legal representative. The headings of the articles, sections and clauses are inserted herein for convenience of reference only and shall not affect the meaning of construction thereof.

1.3 Unless otherwise specified, time periods wherein, or following which, any payment (whether in cash or Shares) is to be made or any act is to be done, shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment (whether in cash or Shares) is required to be made on a day which is not a Business Day, such action shall be taken or such payment shall be made on the immediately preceding Business Day.

ARTICLE 2 PURPOSE OF THE PLAN

2.1 The principal purposes of this Plan are to provide non-employee Directors of the Company and the Topaz Entities with the opportunity to acquire Deferred Share Units to enable them to participate in the long term success of Company and to promote a greater alignment of interests between Directors of the Company and its Shareholders.

ARTICLE 3 GRANT OF DEFERRED SHARE UNITS

3.1 The Board may from time to time grant Designated Deferred Share Unit Compensation to Participants, in its sole discretion. Deferred Share Units issued pursuant to this Plan will be credited to an Account maintained for each Participant by the Company on the first Business Day of each Financial Quarter or as otherwise determined by the Company. The number of Deferred Share Units (including fractional Deferred Share Units) to be credited to a Participant will be determined in accordance with Section 3.3.

3.2 A Participant may elect, in the manner set out in this Section 3.2, to receive all or a portion of the Participant's Total Cash Compensation (the "**Elected Amount**") in the form of Deferred Share Units:

- (i) Each Participant may elect, with respect to a Financial Quarter, to be paid a percentage (from zero to 100% in 25% increments) of the Participant's Total Cash Compensation payable to the Director in such Financial Quarter, in Deferred Share Units, with the balance, if any, being paid in cash, or a combination thereof.

- (ii) To be effective, an election with respect to Total Cash Compensation for services must be given to the Company not less than five Business Days before the beginning of the Financial Quarter to which the election relates, and in all events before the relevant Total Cash Compensation is otherwise payable. The form of notice to be provided by the Participant to the Corporation in respect of an election shall be determined by the Board, from time to time.
 - (iii) If no election is made in respect of a particular Financial Quarter, the new or existing Participant will receive the Total Cash Compensation for such Financial Quarter in cash.
 - (iv) An election made under this section is irrevocable.
- 3.3 The number of Deferred Share Units (including fractional Deferred Share Units, computed to three digits) to be credited to a Participant for services in a Financial Quarter will be determined by dividing the sum of the Designated Deferred Share Unit Compensation for the Financial Quarter and the Elected Amount (in respect of the Participant's Total Cash Compensation to be earned in such Financial Quarter), which is payable on the Purchase Date, by the Fair Market Value as at the Purchase Date, or such other date as otherwise determined by the Board in its discretion.

ARTICLE 4 SHARES SUBJECT TO THE PLAN

- 4.1 This Section 4.1 applies to any securities that may be acquired by Participants pursuant to Article 7 that consist(s) of authorized but unissued Shares. Subject to adjustment for any subdivision, consolidation or distribution of Shares as contemplated by, and in accordance with, Article 8:
- (i) The aggregate number of Shares reserved for issuance pursuant to the Deferred Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares from treasury, shall not exceed ten percent (10%) of the issued and outstanding Shares from time to time.
 - (ii) The aggregate number of Shares issued to Insiders pursuant to Deferred Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares, shall not, within any twelve (12) month period, exceed ten percent (10%) of the issued and outstanding Shares.
 - (iii) The aggregate number of Shares issuable at any time to Insiders pursuant to Deferred Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares, shall not exceed ten percent (10%) of the issued and outstanding Shares from time to time.
 - (iv) The aggregate number of Shares that may be reserved for issuance pursuant to Deferred Share Units credited under the Plan, together with all other security-based compensation arrangements of the Company that provide for the issuance of Shares to Directors, shall not exceed one percent (1%) of the issued and outstanding Shares from time to time.
 - (v) This Section 4.1 and the Company's right to elect to satisfy the settlement of Deferred Share Units by the issuance of Shares from treasury will be effective only upon receipt of all necessary shareholder approvals of the Plan, as amended from time to time, as required by the rules, regulations and policies of the Exchange and any other stock exchange on which the Shares are listed or traded.
 - (vi) Subject to the limitations included in this Section 4.1, if any Deferred Share Unit granted under the Plan shall expire, terminate, be cancelled or be settled for any reason (including, without limitation, the satisfaction of the Deferred Share Unit by means of a cash payment) without being in the form of Shares issued from treasury, any unissued Shares to which such Deferred Share Units relate shall be available for the purposes of the granting of further Deferred Share Units under the Plan. If any rights to acquire Shares granted under any other security-based compensation arrangements of the Company shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such security relates shall be

available for the purposes of the granting of further Deferred Share Units under the Plan. For greater certainty, any increase in the issued and outstanding Shares (whether it is a result of settlement of Deferred Share Units or otherwise) will result in an increase in the number of Shares that may be issued pursuant to Deferred Share Units outstanding at any time and any increase in the number of Deferred Share Units granted will, upon the issue of Shares pursuant thereto, make new grants available under this Plan.

ARTICLE 5 VESTING

- 5.1 Deferred Share Units granted under this Plan shall be fully vested upon being credited to a Participant's Account and the Participant's entitlement to payment of such Deferred Share Units at the Redemption Date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board.

ARTICLE 6 DIVIDEND EQUIVALENTS

- 6.1 On any date on which a cash dividend is paid on the Shares, a Participant's Account will be credited with a dividend equivalent in the form of a number of Deferred Share Units (including fractional Deferred Share Units, computed to three digits) calculated by:
- (i) multiplying the amount of the dividend per Share by the aggregate number of Deferred Share Units that were credited to the Participant's Account as of the record date for payment of the dividend, and
 - (ii) dividing the amount obtained in (i) above by the Fair Market Value on the date on which the dividend is paid.
- 6.2 A written confirmation of the balance in each Participant's Account will be sent by the Company to the Participant upon request of the Participant.

ARTICLE 7 TERMINATION OF SERVICE AND PAYOUT OF DEFERRED SHARE UNITS

- 7.1 The Company shall, on the Redemption Date:
- (i) at the Company's discretion, pay or issue, as applicable, to a Participant who is not a U.S. Director and who has Terminated Service, (1) cash equal to the Fair Market Value of the Shares on the Separation Date multiplied by the number of Deferred Share Units recorded to the Participant, net of any Applicable Withholding Tax, or (2) that number of Shares from treasury of the Company in exchange for Deferred Share Units, less Applicable Withholding Taxes; and
 - (ii) pay a Participant who is a U.S. Director and who has Terminated Service, cash equal to the Fair Market Value of the Shares on the Separation Date multiplied by the number of Deferred Share Units recorded to the Participant, net of any Applicable Withholding Tax, provided that the Company may defer the Redemption Date to any other date if such deferral is, in the sole opinion of the Company, desirable to ensure compliance with the terms under this Plan, provided that in no event shall the Redemption Date be deferred to a date that is later than December 15th of the calendar year commencing immediately after the Separation Date.
- 7.2 Subject to the receipt of all necessary Shareholder approvals as required under the rules, regulations and policies of the Exchange and any other stock exchange on which Shares are listed or traded, the Company may, in lieu of the cash payment or issuance of Shares from treasury as contemplated in Section 7.1 above, on the Redemption Date, elect to, through a broker designated by the Company who is independent from the Company and any Topaz Entity (the "**Designated Broker**"), acquire on behalf of such Participant, the number of whole Shares that is equal to the number of whole Deferred Share Units recorded in the Participant's Account on the Redemption Date. If the Company elects to arrange for the purchase of Shares by a Designated Broker on behalf of the Participant, the Company shall contribute to the Designated 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 Designated Broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Participant on the Exchange.

- 7.3 Notwithstanding Sections 7.1 and 7.2, if on the Redemption Date a Black-Out Period has been imposed upon a Participant which is still in effect, then the Redemption Date shall occur within ten days following the expiry of the Black-Out Period.
- 7.4 In the event of the death of a Participant, the Company will, within two months of the Participant's death, pay cash equal to the Fair Market Value of the Shares multiplied by the number of Deferred Share Units recorded on the Participant's Account which would be deliverable to the Participant if the Participant had Terminated Service in respect of the Deferred Share Units credited to the deceased Participant's Account (net of any Applicable Withholding Tax) to or for the benefit of the Beneficiary. The Fair Market Value will be calculated on the date of death of the Participant.
- 7.5 The Company is authorized to deduct any Applicable Withholding Taxes to all settlements or redemptions made under this Plan (either in cash or in Shares) in accordance with Section 12.2 hereof.

ARTICLE 8 AMENDMENT AND TERMINATION

- 8.1 Subject to this Article 8, the Plan may be amended at any time by the Board in whole or in part, provided that no amendment shall be made which would cause the Plan, or any Deferred Share Units granted hereunder, to cease to comply with applicable laws.
- 8.2 In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Company or other distribution of the Company's assets to shareholders of the Company (other than the payment of ordinary course cash or stock dividends in respect of the Shares), the number of Deferred Share Units then outstanding under the Plan shall be adjusted in such manner, if any, as the Company may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the Plan. Adjustments under this Section 8.2 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.
- 8.3 Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Company (including the Exchange), the Board may at any time, without further action by, or approval of, the Shareholders, amend the Plan or any Deferred Share Unit granted under the Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:
- (a) Ensure that Deferred Share Units granted under the Plan will comply with any provisions respecting deferred share units or other security based compensation arrangements in the Tax Act or other laws in force in any country or jurisdiction of which a Participant to whom a Deferred Share Unit has been granted may from time to time perform services or be resident;
 - (b) Make amendments of a procedural or "housekeeping" nature;
 - (c) Suspend or terminate the Plan.

Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any Deferred Share Units theretofore granted. Shareholder approval shall be obtained for any amendments as required by the Exchange.

- 8.4 The existence of any Deferred Share Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company 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.

- 8.5 Notwithstanding the provisions of this Article 8, should changes be required to the Plan by any securities commission, the Exchange or any other governmental or regulatory body of any jurisdiction to which the Plan or the Company now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Company and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

ARTICLE 9
NO TRANSFER OR ASSIGNMENT OF PARTICIPANTS' RIGHTS

- 9.1 Deferred Share Units are not assignable or transferable by a Participant in whole or in part, either directly, by operation of law or otherwise, except through devolution by death, and no right or interest of any Participant under the Plan or to receive any payment (whether in cash or Shares) hereunder shall be liable for or subject to any obligation or liability of such Participant.
- 9.2 Subject to the requirements of applicable law, a Participant may designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

ARTICLE 10
ADMINISTRATION

- 10.1 Nothing in the Plan shall be construed as giving any Participant the right to be retained in the employ of, as a consultant to, or otherwise involved with the Company or of any Topaz Entity or any right to any payment whatsoever except to the extent of the benefits provided for by the Plan. The Company and the Topaz Entities expressly reserve the right to dismiss any Participant or terminate any Participant's status as a consultant at any time without liability effect which such dismissal or termination might have upon him as a Participant other than as expressly provided for herein. No reasonable notice or payment in lieu thereof will extend the period of service or employment for purposes of the Plan.
- 10.2 The Plan shall be administered by the Board, with such assistance from one or more officers of the Company or certain committees of the Board, as the Board deems desirable. The Board has the sole and complete authority, in its discretion, to:
- (i) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan;
 - (ii) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it considers necessary or advisable for the implementation and administration of the Plan;
 - (iii) exercise rights reserved to the Company under the Plan;
 - (iv) prescribe forms for notices to be prescribed by the Company under the Plan; and
 - (v) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.

The Board's determinations and actions under this Plan are final, conclusive and binding on the Company, the Participants, any Beneficiary and all other persons.

- 10.3 Notwithstanding Section 10.2, the Board may, to the extent permitted by law, and subject to regulatory approval, if any, delegate any or all of its administrative responsibilities under the Plan and powers related thereto to one or more persons including, without limitation, an officer of the Company or a committee of the Board (the "**Administrator**"), and all actions taken and decisions made by such Administrator in this regard shall be final,

conclusive, and binding on all parties concerned, including but not limited to, the Company, the Participants, and any Beneficiary. Should the Board delegate its administrative responsibilities under the Plan to an Administrator, all references to "**Board**" throughout this Plan shall be read as "**Administrator**", as applicable.

- 10.4 All expenses of administration of the Plan shall be borne by the Company as determined by the Board.
- 10.5 Each Participant shall provide the Company, the Board and the Administrator (either individually or all, as applicable) with all information (including "**personal information**" as defined in the Personal Information Protection and Electronic Documents Act (Canada) or any applicable provincial privacy legislation) they require in order to administer the Plan or to permit the Participant to participate in the Plan (the "**Participant Information**"). The Company, the Board, and the Administrator may from time to time transfer or provide access to the Participant Information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing services to the Company in connection with the operation and administration of the Plan and provided further that such service provider agrees to take appropriate measures to protect the Participant Information and not to use it for any purpose except to administer or operate the Plan. The Company may also transfer and provide access to Participant Information to Topaz Entities for purposes of preparing financial statements or other necessary reports and facilitating payment or reimbursement of Plan expenses. In addition, Participant Information may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Company or the Topaz Entities, provided that such party is bound by appropriate agreements or obligations and required to use or disclose the Participant Information in a manner consistent with this Section 10.5. The Company shall not disclose Participant Information except as contemplated in this Section 10.5 or in response to regulatory filings or other requirements for the information by a governmental authority or regulatory body or a self-regulatory body in which the Company participates in order to comply with applicable laws (including, without limitation, the rules, regulations and policies of the Exchange and any other stock exchange on which the Shares are then listed and posted for trading) or for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction over the Company to compel production of the information. By participating in the Plan, each Participant acknowledges that Participant Information may be so provided as set forth above and agrees and consents to its provision on the terms set forth herein.

ARTICLE 11 LIABILITY

- 11.1 None of the Company, the Board, the Administrator or any person acting on their direction or authority shall be liable for anything done or omitted to be done by such person with respect to the price, time, quantity or other conditions and circumstances of the issuance or purchase of Shares under the Plan or with respect to any fluctuations in the market price of the Shares or in any other connection under the Plan. To the fullest extent permitted by law, the Company shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board (or otherwise and officer or member of a committee of the Board where the Board has designated such person as an Administrator hereunder).

ARTICLE 12 TAXES AND OTHER SOURCE DEDUCTIONS

- 12.1 The Company and the Topaz Entities shall not be liable for any tax imposed on any Participant or any Beneficiary as a result of the crediting, holding or redemption of Deferred Share Units, amounts paid or credited to such Participant (or Beneficiary), or securities issued or transferred to such Participant (or Beneficiary) under this Plan. It is the responsibility of the Participant (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.
- 12.2 The Company and the Topaz Entities, as applicable, shall be authorized to deduct, withhold and/or remit from any amount paid or credited hereunder (whether in Shares or cash), or from any amount otherwise payable to the Participant, such amount as may be necessary so as to ensure the Company and/or such Topaz Entity will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant or Beneficiary, as the case may be (the "**Applicable Withholding Taxes**").

- 12.3 The Company may require Participants, as a condition of receiving amounts otherwise to be delivered to them under this Plan (in cash or in Shares), to make a cash payment to the Company in an amount less than or equal to the Applicable Withholding Taxes, and to deliver undertakings to, or indemnities in favour of, the Company respecting the payment by such Participants of applicable income or other taxes.

ARTICLE 13
NO SHAREHOLDER RIGHTS AND UNFUNDED PLAN

- 13.1 Under no circumstances shall Deferred Share Units be considered Shares or other securities of the Company, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, including, without limitation, voting rights, dividend entitlement rights or rights on liquidation, nor shall any Participant be considered the owner of Shares by virtue of the award of Deferred Share Units.
- 13.2 The Plan shall be unfunded (including for tax purposes and for purposes of the Employee Retirement Income Security Act (United States)) and the Company will not secure its obligations under the Plan. To the extent any Participant or his Beneficiary holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

ARTICLE 14
MARKET FLUCTUATIONS

- 14.1 No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Shares which impacts the Deferred Share Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to a Participant with respect to the Plan or the Deferred Share Units granted whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of Deferred Share Units.

ARTICLE 15
MISCONDUCT

- 15.1 Subject to the terms of any particular grant under this Plan, and unless otherwise determined by the Board, if it is determined that there has been Misconduct by a Participant, any Deferred Share Units accumulated and remaining on a Participant's Account as at the determination date of such Misconduct, including dividend equivalents in respect of such Deferred Share Units, shall be forfeited and cancelled immediately.
- 15.2 This Plan and any actions hereunder will be subject to application of any clawback or similar policies of the Company in effect at the applicable time and from time to time.

ARTICLE 16
VOLUNTARY PARTICIPATION

- 16.1 Participation in the Plan is entirely voluntary and is not obligatory and shall not be interpreted as conferring on such Participant any rights or privileges other than those expressly provided for herein.

ARTICLE 17
CURRENCY

- 17.1 All payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada.

ARTICLE 18
GOVERNING LAW

- 18.1 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 laws of Canada applicable therein.

ARTICLE 19
EFFECTIVE DATE

- 19.1 This Plan shall take effect on June 23, 2021 (the "**Effective Date**"). The issuance of Deferred Share Units under the Plan is subject to acceptance of the Plan by the Exchange and any other relevant regulatory authorities and approval of the Shareholders.

APPENDIX C

Summary of Share Option Plan

The following is a summary of the material terms of Topaz Energy Corp.'s ("**Topaz**" or the "**Company**") share option plan, as amended (the "**Option Plan**").

On May 6, 2021, the board of directors of the Company (the "**Board**") amended the Common Share Maximum (as defined below) from 8.5% to 5% of the Outstanding Common Shares (as defined in the Option Plan). This amendment does not require the approval of Topaz's shareholders.

Purpose and Administration of the Option Plan

The purpose of the Option Plan is to develop the interest of existing or proposed officers, directors, employees and Service Providers (as defined below) of the Company and its subsidiaries and other persons who provide or are proposed to provide ongoing management or consulting services to the Company or its subsidiaries in the growth and development of the Company by providing them with the opportunity through Options to acquire an increased proprietary interest in the Company. For the purposes of the Option Plan, "**Service Provider**" means a person or company engaged, or proposed to be engaged, by the Company to provide services for an initial, renewable or extended period of 12 months or more.

The Option Plan is administered by the Board, or if appointed, by a committee of directors appointed from time to time by the Board (such committee, or if no such committee is appointed, the Board is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Board.

Granting of Options

The Committee has the authority to designate existing or proposed directors, officers, employees and Service Providers of the Company or its subsidiaries (collectively, the "**Optionees**") to whom Options to purchase Common Shares may be granted and the number of Common Shares to be optioned to each and may grant such Options, subject to the provisions of the Option Plan as summarized below.

The Option Plan provides that:

- (a) the number of Common Shares reserved for issuance on exercise of all Options outstanding under the Option Plan at any time shall not exceed 5% of the Outstanding Common Shares (as defined in the Option Plan) at the time in question (the "**Common Share Maximum**") subject to adjustment as set forth in the Option Plan;
- (b) the number of Common Shares reserved for issuance under the Option Plan to any one Optionee shall not exceed 5% of the Outstanding Common Shares;
- (c) the number of Common Shares issuable to Insiders (as defined in the Option Plan), at any time, under all Share Compensation Arrangements (as defined in the Option Plan), shall not exceed 10% of the Outstanding Common Shares;
- (d) the number of Common Shares issued to Insiders, within any one-year period, under all Share Compensation Arrangements, shall not exceed 10% of the Outstanding Common Shares; and
- (e) from and after the completion of the Offering, the value of Options granted to any one director of the Company who is not an officer or employee of the Company or its subsidiaries during a calendar year, as calculated on the date of grant, shall not exceed \$100,000.

Any increase in the Outstanding Common Shares (whether as a result of the exercise of Options or otherwise) will result in an increase in the number of Common Shares that may be issued on exercise of Options outstanding at any time and any decrease in the number of Options outstanding, due to the exercise of Options, will make new grants available under the Option Plan.

The Common Shares that are reserved for issuance on exercise of Options granted pursuant to the Option Plan that are cancelled, terminated or expire prior to the exercise of all or a portion thereof are available for a subsequent grant of Options pursuant to the Option Plan to the extent that any Common Shares issuable thereunder are not issued under such cancelled, terminated or expired Options.

Vesting

Vesting of Options shall be as to one third of the number of Options granted on the first anniversary of the date of grant and as to one third of the number of Options granted on the anniversary of the date of grant on each of the next two (2) succeeding years thereafter. Notwithstanding the foregoing, vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a Change of Control (as defined in the Option Plan) takes place and as otherwise provided in the Option Plan. Further, the Committee may accelerate, or provide for the acceleration of, vesting of Options previously granted where exceptional circumstances exist as determined by the Committee and confirmed by the Board.

Exercise Price

The exercise price (the "**Exercise Price**") of any Option will be fixed by the Committee when such Option is granted, provided that from and after the date that the Common Shares are listed on a stock exchange (the "**Exchange**"), such price shall not be less than the Current Market Price. For this purpose, "**Current Market Price**" means the volume weighted average trading price of the Common Shares on the Exchange (or if the Common Shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Committee for such purpose) for the five (5) trading days immediately preceding the date of the grant of Options and, for this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common Shares traded for such period; or, if the Common Shares are not listed on any Exchange, a price determined by the Committee.

Option Terms

The period during which an Option is exercisable (the "**Exercise Period**") shall, subject to the provisions of the Option Plan requiring acceleration of rights of exercise, be such period as may be determined by the Committee at the time of grant provided that no Option may be exercised beyond seven years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option provides that:

- (a) ***Termination for Cause*** – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of termination for cause, effective at the date on which notice is given to the Optionee of such termination, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;
- (b) ***Termination not for Cause*** – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of termination other than termination for cause, effective at the earlier of the date which is thirty (30) days following the date on which notice is given in respect of such termination and the end of the Exercise Period, all Options held by the Optionee which have not vested at such date shall terminate and become null and void, unless determined otherwise by the Committee in its sole discretion. With respect to the portion of the outstanding Options which are held by such Optionee and which have vested at the expiration of such period, unless determined otherwise by the Committee in its sole discretion, the Optionee shall have until the earlier of:
 - (i) three (3) months from the date on which notice is given in respect of such termination; or
 - (ii) the end of the Exercise Period; to exercise any Options which have vested as aforesaid and any vested Options which have not been so exercised shall terminate and become null and void;
- (c) ***Voluntary Resignation*** – if the Optionee voluntarily ceases to be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company other than as

a result of such Optionee's disability, retirement or death, effective at the earlier of the last day of any notice period applicable in respect of such voluntary resignation and the date on which the Optionee ceases to be a Service Provider, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;

- (d) **Disability** – if an Optionee ceases to be an officer of or be in the employ of, or a consultant or other Service Provider to either the Company or a subsidiary of the Company as a result of such Optionee's disability as defined in the Option Plan, all Options granted to such Optionee shall not change as a result of such Optionee's disability;
- (e) **Retirement** – if an Optionee ceases to be an officer of or be in the employ of, or a consultant or other Service Provider to either the Company or a subsidiary of the Company as a result of such Optionee's Retirement (as defined in the Option Plan), if on the date of such Optionee's retirement, the Optionee has provided services to the Company or a subsidiary of the Company for a period of five (5) years or such other period as may be determined by the Committee, the Optionee shall only have until the earlier of:
 - (i) thirty-six (36) months from the date of such Optionee's retirement or such other date as may be determined by the Committee; or
 - (ii) the end of the Exercise Period; to exercise any Options which have vested at the date of exercise, and at the expiration of such period any Options which have not been exercised shall terminate and become null and void.

Furthermore, the Committee shall have the discretion, if it feels that it is appropriate, to alter the consequences of the retirement of an Optionee on such Optionee's outstanding Options; and

- (f) **Death** – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of the death of the Optionee, all Options which have not vested at such date shall immediately vest and the executor, administrator or personal representative of such Optionee shall have until the earlier of:
 - (i) twelve (12) months from the date of death of such Optionee; or
 - (ii) the end of the Exercise Period; to exercise any outstanding Options, and at the expiration of such period, any Options which have not been exercised shall terminate and become null and void.

For the purposes of the Option Plan and any Options granted pursuant to the Option Plan, the Optionee shall be deemed to have ceased to be an employee or Service Provider of the Company or any subsidiary of the Company, as applicable, and the Optionee shall be deemed to have terminated or resigned from employment or other service arrangement with the Company for the purposes hereof or for the purposes of any Option issued pursuant to the terms hereof on the first to occur of such termination or resignation or the date (as determined by the Committee) that the Optionee ceases in the active performance of all of the regular duties of the Optionee's job, which includes the carrying on of all of the usual and customary day-to-day duties of the job for the normal and scheduled number of hours in each working day, or the Optionee ceases to provide services pursuant to the services arrangement, as applicable; the foregoing to apply whether or not adequate or proper notice of termination shall have been provided by and to the Company in respect of such termination of employment or other service arrangement.

The Option Plan does not confer upon an Optionee any right with respect to continuation of employment by the Company or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Company or a subsidiary thereof to terminate the Optionee's employment or service provision at any time.

If the normal expiry date of any Options falls within any Blackout Period (as defined in the Option Plan) or within ten (10) business days following the end of any Blackout Period ("**Blackout Options**"), then the Expiry Date (as defined in the Option Plan) of such Blackout Options shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options.

Cashless Exercise

Subject to the provisions of the Option Plan, if permitted by the Board, an Optionee may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by multiplying the number of Common Shares which the Optionee is entitled to purchase pursuant to the Options being surrendered by a fraction of which the numerator is the difference between the Current Market Price (calculated as at the date of exercise) and the Exercise Price of such Option and of which the denominator is the Current Market Price (calculated as at the date of exercise). An Option may be exercised pursuant to such provisions from time to time by delivery to the Company at its head office in Calgary, Alberta or such other place as may be specified by the Company, of a written notice of exercise specifying that the Optionee has elected a cashless exercise of such Option and the number of Options to be so exercised. The Company will not be required, upon the cashless exercise of any Options pursuant to such provisions, to issue fractions of Common Shares. There will be paid to the Optionee by the Company upon the cashless exercise of such Options within ten (10) business days after the exercise date, an amount in lawful money of Canada to the then fair market value of such fractional interest (as determined by the Board), provided that the Company will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for future issuance under the Option Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

Mergers, Amalgamation and Sale

If the Company becomes merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or sells the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Company will, subject to the Option Plan, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee will receive such number of shares of the continuing successor company or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Company immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Company to the Optionee in respect of the Common Shares subject to the Option will terminate and be at an end and the Optionee will cease to have any further rights in respect thereof. Alternatively, and in lieu of making such provision, in the event of such merger, amalgamation or sale, the Company may satisfy any obligations to an Optionee by paying to the Optionee, in cash, the difference between the Exercise Price of all unexercised Options held by the Optionee and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised Options. Adjustments under the Option Plan or any determinations as to fair market value of any securities will be made by the Committee, and any reasonable determination made by the Committee will be binding and conclusive.

Acceleration of Vesting and Termination of Option in the Event of Take-Over Bid

In the event of a Take-Over Bid (as defined in the Option Plan), Optionees have the right to exercise Options granted pursuant to the Option Plan to purchase all of the Common Shares which have not been previously purchased under such Options, but any such Common Shares not otherwise vested and exercisable may only be purchased for tender pursuant to such Take-Over Bid. If for any reason such Common Shares are not so tendered or, if tendered, are not for any reason taken up and paid for by the offeree pursuant to such Take-Over Bid, any such Common Shares so purchased by an Optionee will be and be deemed to be cancelled and returned to treasury of the Company, will be added back to the number of Common Shares, if any, remaining unexercised under the applicable Option and, upon presentation to the Company of share certificates representing such shares properly endorsed for transfer back to the Company, the Company will refund to the Optionee all consideration paid on the exercise thereof. In the event a Take-Over Bid is made and Common Shares are taken up and paid for pursuant to such Take-Over Bid, the Company will have the right to satisfy any obligations to an Optionee in respect of any Options not exercised by paying to the Optionee, in cash, the difference between the Exercise Price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value will be conclusively made by the

Committee. Upon payment as aforesaid, the Options will terminate and be at an end and the Optionee will cease to have any further rights in respect thereof.

Alterations in Shares

In the event, at any time or from time to time, that the share capital of the Company shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common Shares granted or the Company shall pay a dividend (other than in the ordinary course) upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, securities or other assets, or other relevant changes in the share capital of the Company shall occur, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision, stock dividend or other change shall be proportionately adjusted (including as to the number of Common Shares subject to the Option and the Exercise Price thereof, as applicable) so that the Optionee will from time to time, upon the exercise of an Option, be entitled to receive the number of shares, securities or other property of the Company he or she would have held following such consolidation, subdivision, stock dividend or other change if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision, stock dividend or other change. Upon any such adjustments being made, the Optionee will be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

For greater certainty, and anything above to the contrary notwithstanding, no adjustment will be made in accordance with the Option Plan with respect to the issue of Common Shares being made pursuant to or in connection with:

- (a) any stock option plan or stock purchase plan, including the Option Plan, in force from time to time for existing or proposed officers, directors, employees or Service Providers of the Company; or
- (b) the issuance of additional Common Shares pursuant to a public offering or private placement by the Company or a take-over bid made by the Company for the securities of another entity.

Option Agreements

A written agreement will be entered into between the Company and each Optionee to whom an Option is granted pursuant to the Option Plan, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Committee, all in accordance with the provisions of the Option Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Company to enter into and may contain such terms as may be considered necessary in order that the Option will comply with the Option Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen and the rules of any regulatory body having jurisdiction over the Company.

Regulatory Authorities Approvals

The Option Plan and the Company's obligation to issue and deliver Common Shares under any Option is subject to the approval, if required, of any Exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval, if required, is conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

Amendment or Discontinuance of the Option Plan

The Committee may amend or discontinue the Option Plan and Options granted thereunder at any time without shareholder approval; provided any amendment to the Option Plan that requires approval of any Exchange on which the Common Shares are listed for trading may not be made without approval of such Exchange. Without the prior approval of the shareholders, or such approval as may be required by the Exchange, the Committee may not:

- (a) make any amendment to the Option Plan to increase the Common Share Maximum;
- (b) reduce the Exercise Price of any outstanding Options;

- (c) cancel an Option and subsequently issue the holder of such Option a new Option or other entitlements in replacement thereof;
- (d) extend the term of any outstanding Option beyond the original expiry date of such Option;
- (e) make an amendment to increase the maximum limit on the number of securities that may be issued to insiders;
- (f) make any amendment to the Option Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or
- (g) make an amendment to amend the amendment provisions of the Option Plan.

The Committee may amend or terminate the Option Plan or any outstanding Option granted thereunder at any time without the approval of the Company, the shareholders of the Company or any Optionee whose Option is amended or terminated, in order to conform the Option Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant Exchange or regulatory authority, whether or not that amendment or termination would affect any accrued rights, subject to the approval of that Exchange or regulatory authority.

In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Option Plan.