



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 15, 2023**

AND

MANAGEMENT INFORMATION CIRCULAR

MAY 1, 2023

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**SOUTHERN ENERGY CORP.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
OF THE HOLDERS OF COMMON SHARES
TO BE HELD ON JUNE 15, 2023**

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of Southern Energy Corp. (the "**Corporation**") will be held at the offices of the Corporation, located at Suite 2400, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, on Thursday, June 15, 2023 at 10:00 a.m. (Calgary time), and presented online at the link provided below, for the following purposes:

1. to receive the financial statements for the fiscal year ended December 31, 2022 and the report of the auditors thereon;
2. to fix the number of directors to be elected at seven (7);
3. to elect directors for the ensuing year;
4. to appoint the auditors of the Corporation to hold office until the next annual meeting of the Shareholders and authorize the directors to fix their remuneration;
5. to approve the amended and restated stock option plan of the Corporation, as described in the management information circular of the Corporation dated May 1, 2023 (the "**Information Circular**");
6. to approve the amended and restated share award incentive plan of the Corporation, as described in the Information Circular; and
7. to transact such other business as may properly come before the meeting or any adjournments thereof.

Only Shareholders of record at the close of business on May 1, 2023 (the "**Record Date**") are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat, unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed share certificates or otherwise establishing that he or she owns such Common Shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote such Common Shares, in which case such transferee shall be entitled to vote such Common Shares, as the case may be, at the Meeting.

Shareholders may vote in person at the Meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

Registered Shareholders are requested to date and sign the enclosed form of proxy (the "Form of Proxy") and return it to the Corporation's transfer agent, Odyssey Trust Company. To be effective, the Form of Proxy must be mailed so as to reach or be deposited with Odyssey Trust Company, at Trader's Bank Building 702, 67 Yonge Street, Toronto, ON M5E 1J8 Attention: Proxy Department or by fax at (800) 517-4553 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof or may be accepted by the Chairman of the Meeting at his discretion prior to the commencement of the Meeting. The Form of Proxy or other instrument used to appoint a proxy shall be executed by the Shareholder or their attorney, or if such Shareholder is a corporation, under the corporate seal, and executed by a director, officer or attorney thereof duly authorized. Alternatively, a registered Shareholder may complete their Form of Proxy online at login.odysseytrust.com/pxlogin by following the instructions provided on the Form of Proxy.

The Corporation encourages Shareholders to submit their Form of Proxy and return it as soon as possible in accordance with the instructions outlined in the accompanying Information Circular. Shareholders who do not

hold their Common Shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out in the accompanying Information Circular.

As an alternative to attending the Meeting in person, Shareholders may join the Meeting via webcast by following the below instructions. While the instructions will allow you to listen to the Meeting and ask questions, the Meeting is not a virtual meeting and you will not be able to vote at the Meeting through the webcast, which is why the Corporation urges Shareholders to complete the Form of Proxy or other voting instruction form provided by your broker in accordance with the instructions outlined in the Information Circular.

Shareholders may use the following information to listen to the Meeting via webcast:

Webcast: Via Zoom using the following link to register for the Meeting,

https://us02web.zoom.us/webinar/register/WN_Gordy8huRei6FL6M_aN5Ew

Once registered, participants will receive an email with link and instructions to access the Meeting via webcast.

The Information Circular relating to the business to be conducted at the Meeting accompanies this Notice.

Calgary, Alberta

May 1, 2023

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Ian Atkinson"

Ian Atkinson

Director, President and Chief Executive Officer

SOUTHERN ENERGY CORP.

MANAGEMENT INFORMATION CIRCULAR

**FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF THE HOLDERS OF COMMON
SHARES OF SOUTHERN ENERGY CORP. TO BE HELD ON JUNE 15, 2023**

Dated: May 1, 2023

PURPOSE OF SOLICITATION

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Southern Energy Corp. (the "Corporation") for use at the annual general and special meeting of the holders (the "Shareholders") of the common shares (the "Common Shares") in the capital of the Corporation to be held at the offices of the Corporation, located at Suite 2400, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, on June 15, 2023 at 10:00 a.m. (Calgary time), and presented online at the link provided below, and any adjournment or adjournments thereof (the "Meeting") for the purposes set forth in the Notice of Annual General and Special Meeting (the "Notice of Meeting") accompanying this Information Circular.

The Corporation encourages Shareholders to submit their Form of Proxy and return it as soon as possible in accordance with the instructions outlined herein. Shareholders who do not hold their Common Shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out under "*Proxy Information – Advice to Beneficial Holders of Securities*", below.

As an alternative to attending the Meeting in person, Shareholders may join the Meeting via webcast by following the below instructions. While the instructions will allow you to listen to the Meeting and ask questions, the Meeting is not a virtual meeting and you will not be able to vote at the Meeting through the webcast, which is why the Corporation urges Shareholders to complete the Form of Proxy or other voting instruction form provided by your broker in accordance with the instructions outlined in "*Proxy Information – Completion of Proxies*", below.

Shareholders may use the following information to listen to the Meeting via webcast:

Webcast: Via Zoom using the following link to register for the Meeting,

https://us02web.zoom.us/webinar/register/WN_Gordy8huRei6FL6M_aN5Ew

Once registered, participants will receive an email with link and instructions to access the Meeting via webcast.

CURRENCY

All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

RECORD DATE

Only Shareholders of record as of the close of business on May 1, 2023 (the "**Record Date**") are entitled to notice of, and to attend and vote at, the Meeting except to the extent that:

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- (a) such person transfers his or her Common Shares after the Record Date; and
- (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Common Shares and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his or her name be included on the Shareholders' list for the Meeting.

Any registered Shareholder of Common Shares (a "**Registered Shareholder**") at the close of business on the Record Date who either personally attends the Meeting or who completes and delivers a proxy will be entitled to vote or have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Proxy Information – Completion of Proxies*".

PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies is made on behalf of the management of the Corporation. The costs incurred in the preparation of the enclosed form of proxy (the "**Form of Proxy**"), Notice of Meeting and this Information Circular and costs incurred in the solicitation of proxies will be borne by the Corporation.

Completion of Proxies

The Form of Proxy affords Shareholders or intermediaries an opportunity to specify that the Common Shares registered in their name shall be voted for or against or withheld from voting in respect of certain matters as specified in the accompanying Notice of Meeting. The persons named in the enclosed Form of Proxy are Ian Atkinson, the President and Chief Executive Officer of the Corporation, and Calvin Yau, the Chief Financial Officer of the Corporation.

A proxy must be dated and signed by the Registered Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Registered Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy. **IF YOUR COMMON SHARES ARE HELD BY YOUR BANK, TRUST COMPANY, SECURITIES BROKER, TRUSTEE OR OTHER FINANCIAL INSTITUTION (YOUR NOMINEE), YOU ARE MOST LIKELY A BENEFICIAL SHAREHOLDER OF THE COMMON SHARES AND SHOULD REFER TO "PROXY INFORMATION – ADVICE TO BENEFICIAL HOLDERS OF SECURITIES" FOR FURTHER INSTRUCTIONS ON HOW TO VOTE BY PROXY AT THE MEETING.**

Registered Shareholders are requested to date and sign the enclosed Form of Proxy and return it to the Corporation's transfer agent, Odyssey Trust Company. In order to be effective, the Form of Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be mailed or completed online at login.odysseytrust.com/pxlogin so as to be deposited at the office of Odyssey Trust Company, Trader's Bank Building 702, 67 Yonge Street, Toronto, ON M5E 1J8, not later than 10:00 a.m. (Calgary time) on the second last business day (not including Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the day of the Meeting or any adjournment thereof or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.

No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of the Corporation.

A REGISTERED SHAREHOLDER OR AN INTERMEDIARY HOLDING COMMON SHARES ON BEHALF OF A NON-REGISTERED SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING, IN THE PLACE OF THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER OR INTERMEDIARY SHOULD STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE FORM OF PROXY AND INSERT THE NAME OF THEIR NOMINEE IN THE BLANK SPACE PROVIDED, OR SUBMIT ANOTHER APPROPRIATE PROXY.

UK Registered Shareholders

Registered Shareholders are requested to date and sign the enclosed Form of Proxy and return it to the UK registrar, Link Group. In order to be effective, the Form of Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be mailed so as to be deposited at the office of Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, **no later than 17:00 p.m. (BST) on Friday, 9 June 2023**, or, if the AGM is adjourned, by the time which is 96 hours (excluding weekends and public holidays) before the time of the adjourned meeting. Alternatively, UK registered shareholders can register and vote online via at www.signalshares.com so as to be received **no later than 17:00 p.m. (BST) on Friday, 9 June 2023**.

If you wish to attend the meeting in person, please contact Link Group via email to meetingsadvisoryteam@linkgroup.co.uk **no later than 5:00 p.m. BST on Friday, 9 June 2023** in order that Link Group can provide Odyssey Trust Company with the necessary verification of your holding to support physical attendance.

As an alternative to attending the Meeting in person, Shareholders may join the Meeting via webcast by registering at the following link:

https://us02web.zoom.us/webinar/register/WN_Gordy8huRei6FL6M_aN5Ew

Once registered, participants will receive an email with a link and instructions on how to access the Meeting via webcast. While the instructions will allow you to listen to the Meeting and ask questions, the Meeting is not a virtual meeting and you will not be able to vote at the Meeting through the webcast.

Depositary Interest Holders

Depositary Interest Holders (Beneficial shareholders) who hold their common shares through the depositary Link Market Service Trustees (Nominees) Limited (the "**Depositary**") are required to follow the instructions set out below.

Depositary Interest Holders can direct the Depositary how to vote their common shares or abstain from voting by completing, signing and returning the enclosed form of direction (the "Form of Direction"). To be valid, the Form of Direction must be filled out, executed (exactly as the shareholder's name appears on the register), and returned by mail using the enclosed envelope, or by courier or hand delivery to the office of the Depositary, Link Market Service Trustees (Nominees) Limited, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, **no later than 5:00 p.m. (BST) on Thursday, 8 June 2023** in order for the Depositary to vote as per your instructions at the Meeting. Alternatively, Depositary Interest Holders may instruct the Depositary how to vote by utilizing the

CREST electronic voting service as explained under the following "CREST Voting Instructions" heading below.

Depository interest holders wishing to attend the Meeting in person will need to instruct the nominee (Link Market Service Trustees (Nominees) Limited) by providing a Letter of Representation on headed paper addressed to Link Group via e-mail to nominee.enquiries@linkgroup.co.uk **no later than 5:00 p.m. BST on Thursday, 8 June 2023**. When emailing nominee.enquiries@linkgroup.co.uk depository interest holders should instruct their full name, DI account, address, number of shares held and a valid email address in order to obtain the necessary documentation for Odyssey Trust Company (as Canadian Transfer Agent for Southern Energy Corp.) to verify the depository interest holder in order to enable them to attend the Meeting.

Alternatively, holders of Depository Interests may join the Meeting via webcast by registering at the following link:

https://us02web.zoom.us/webinar/register/WN_Gordy8huRei6FL6M_aN5Ew

Once registered, depository interest holders will receive an email with a link and instructions on how to access the Meeting via webcast. While the instructions will allow you to listen to the Meeting and ask questions, the Meeting is not a virtual meeting and you will not be able to vote at the Meeting through the webcast.

CREST Voting Instructions

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting or any adjournments or postponements thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted by no later than Thursday, 8 June 2023 (under CREST Participation ID RA10). The time of receipt will be taken to be the time from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Corporation may treat

a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Revocation of Proxies

A Registered Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Registered Shareholder or intermediary or his or her attorney authorized in writing, or, if the Registered Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either: (a) with the Corporation at its offices or at the office of the Corporation's agent, Odyssey Trust Company, Trader's Bank Building 702, 67 Yonge Street, Toronto, ON, M5E 1J8, at any time prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (b) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

Exercise of Discretion by Proxies

A Registered Shareholder or intermediary may indicate the manner in which the persons named in the enclosed Form of Proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions, if any, given in the Form of Proxy. If the Registered Shareholder or intermediary wishes to confer a discretionary authority with respect to any matter, the space should be left blank. **IN SUCH INSTANCE, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name ("Beneficial Shareholders"). You are most likely a Beneficial Shareholder if your bank, trust company, securities broker, trustee, or other financial institution (your nominee) holds your Common Shares in their name or the name of another intermediary. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares on the Record Date can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker, an agent of that broker, or other intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). **Common Shares held by brokers or their agents or other nominees can only be voted (for or against resolutions) upon**

the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is typically similar to the Form of Proxy provided to Registered Shareholders by the Corporation. However, the purpose of the broker's form of proxy is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of a form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the Internet to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote such Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting. The Corporation encourages Beneficial Shareholders to complete the voting instruction form or form of proxy provided by their broker and return it as soon as possible in accordance with the above instructions.

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Notice-and-Access

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation will not use procedures known as "stratification" in relation to the use of the Notice-and-Access Provisions, meaning that both registered and Beneficial Shareholders will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the "**Notice-and-Access Notification**"). If you receive the Notice-and-Access Notification and would like to receive a paper copy of the Information Circular and other relevant information, please follow the instructions printed on the Notice-and-Access Notification and the materials will be mailed to you. All materials will be forwarded to Shareholders at the Corporation's expense.

The Corporation anticipates that notice-and-access will directly benefit the Corporation through substantial reductions in postage and printing costs. The Corporation believes that notice-and-access is also environmentally responsible to the extent that it decreases the large volume of paper documents generated by printing proxy-related materials.

The Corporation does not intend to pay for intermediaries to forward the Notice-and-Access Notification to Beneficial Shareholders who have objected to their intermediary/broker disclosing ownership information about them pursuant to applicable securities laws ("**Objecting Beneficial Shareholders**"). Consequently, an Objecting Beneficial Shareholder will not receive the Notice-and-Access Notification unless the Objecting Beneficial Shareholder's intermediary/broker assumes the cost of delivery.

Shareholders with questions about notice-and-access can call Odyssey Trust Company at **587-885-0960** or toll free at **1-888-290-1175**.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Shareholders may be made up to one year from the date the Information Circular was filed on System for Electronic Document Analysis and Retrieval ("**SEDAR**") by: (i) calling Odyssey Trust Company at **1-587-885-0960** or toll free at **1-888-290-1175**; (ii) by emailing a request to **info@southernenergycorp.com**; or (iii) online at the following websites: <https://southernenergycorp.com/investors/constitutional-documents/>. The Corporation estimates that a Shareholder's request for paper copies of the Information Circular and other relevant information will need to be received prior to June 5, 2023 in order for such Shareholder to have sufficient time to receive and review the materials requested and return the completed Form of Proxy by the due date set out under the heading "*Completion of Proxies*" in this Information Circular.

INFORMATION CONCERNING THE CORPORATION

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* (the "**CBCA**") on July 22, 2008 as "7015321 Canada Limited". The Corporation changed its name to "MAX Minerals Ltd." on August 15, 2008 and "Standard Exploration Ltd." on October 8, 2010. On January 2, 2019, the Corporation changed its name from "Standard Exploration Ltd." to "Southern Energy Corp." On January 7, 2020, the Corporation continued out of the federal jurisdiction of Canada under the CBCA to the provincial jurisdiction of Alberta under the *Business Corporations Act* (Alberta) (the "**ABCA**").

The Corporation is a reporting issuer in British Columbia and Alberta. The Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "SOU" and the AIM Market of the London Stock Exchange plc (the "**AIM**") under the trading symbol "SOUC".

The Corporation is an oil and natural gas exploration and production company focused on building value through the consolidation, development and exploration of oil and gas assets in the southeastern United States. On December 20, 2018, the Corporation: (a) closed a non-brokered private placement of Common Shares and units of the Corporation, for aggregate gross proceeds of \$18,011,000; (b) completed the appointment of a new management team and board of directors; and (c) completed the acquisition of all of the limited partnership units of Gulf Pine Energy Partners, LP ("**Gulf Pine**").

(together, the "**Recapitalization**"). On May 2, 2019, the Corporation completed the sale of its remaining Canadian oil and gas assets which were inherited in December 2018 as part of the Recapitalization, becoming a U.S. pure-play oil and gas exploration and production company.

In December 2021, the Corporation effected a consolidation of its Common Shares (the "**Consolidation**") on the basis of one post-Consolidation Common Share for every eight (8) pre-Consolidation Common Shares. Unless otherwise specified, all references to Common Shares, the issuance of Common Shares or the exercise or conversion price of any securities to acquire Common Shares in this Information Circular are presented on a post-Consolidation basis.

VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**"), issuable in series. As at the date hereof, there are 139,041,285 fully paid and non-assessable Common Shares and nil Preferred Shares issued and outstanding. Shareholders are entitled to receive notice of all meetings of Shareholders, a right to one vote per Common Share at such meetings, dividends as and when declared by the board of directors of the Corporation (the "**Board**"), and, upon liquidation, to share in the remaining assets of the Corporation as are distributable to such Shareholders. Preferred Shares may be issued by the Corporation from time to time in one or more series and the Board may fix the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series. The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, be entitled to preference over the Common Shares.

The bylaws of the Corporation provide that if two persons holding not less than 5% of the issued and outstanding Common Shares entitled to vote are present in person or are represented by proxy, a quorum for the purposes of conducting a Shareholders' meeting is constituted.

The Registered Shareholders set forth in "*Record Date*", above, will be entitled to vote or have his, her or its Common Shares voted at the Meeting. However, a person appointed under a Form of Proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Proxy Information – Completion of Proxies*".

To the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying 10% or more of the voting rights attached to the shares of the Corporation other than as follows:

Name	Number of Common Shares Held	Percentage of Total Issued and Outstanding Common Shares
Venture Equity Bulgaria EAD	15,576,234	11.20%

Note:

(1) Based on an Early Warning Report filed by Venture Equity Bulgaria EAD under the Corporation's SEDAR profile on February 17, 2023.

MATTERS TO BE ACTED UPON

The Shareholders of the Corporation will be asked to consider and, if deemed appropriate:

- (a) by ordinary resolution, to fix the Board at seven (7) members;
- (b) by ordinary resolution, to elect the directors of the Corporation;
- (c) by ordinary resolution, to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (d) by ordinary resolution, to approve the Corporation's amended and restated stock option plan for the ensuing year;
- (e) by ordinary resolution, to approve the Corporation's amended and restated share award incentive plan for the ensuing year; and
- (f) to transact such other business as may properly come before the Meeting or any adjournments thereof.

Additional detail regarding each of the matters to be acted on at the Meeting is contained below.

FIXING NUMBER OF DIRECTORS

At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Corporation, be set at seven (7).

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of setting the number of directors to be elected at the Meeting at seven (7).

ELECTION OF DIRECTORS

Action is to be taken at the Meeting with respect to the election of directors. The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Voting for the election of nominees will be conducted on an individual, and not on a slate, basis. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's articles.

The Corporation is required by applicable corporate and securities legislation to have an Audit Committee comprised of members of the Board that are considered "financially literate" and a majority of which are considered "independent", as such terms are defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Corporation has also established a Corporate Governance and Compensation Committee and a Reserves, Health, Safety and Environment Committee, each comprised of members of the Board. Please see the discussion under the heading "*Corporate Governance Practices*". The present members of the Audit Committee, Corporate Governance and Compensation Committee and Reserves, Health, Safety and Environment Committee of the Board are identified in the table below.

The following information relating to the nominees as directors is based partly on the records of the Corporation and partly on information received by the Corporation from the respective nominees, and sets forth the name and municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Corporation now held by them, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.

Name	Positions Presently Held	Director Since ⁽¹⁾	Principal Occupation for Previous Five Years	Number and Percentage of Common Shares Beneficially Owned or Over Which Control or Direction, Directly or Indirectly, is Exercised
Ian Atkinson <i>Calgary, Alberta, Canada</i>	Director, President and Chief Executive Officer	December 11, 2018	President and Chief Executive Officer of the Corporation since December 2018. Mr. Atkinson was the founder, President and Chief Executive Officer of Gulf Pine from November 2014 to December 2018. Prior thereto, Mr. Atkinson was a founder and Senior Executive Officer of Athabasca Oil Corporation (" Athabasca "). Mr. Atkinson is a Director of Lycos Energy Inc.	3,833,110 (2.76%)
Bruce Beynon ⁽²⁾ <i>Calgary, Alberta, Canada</i>	Chairman of the Board	December 19, 2018	President of Tiburon Exploration Corporation since December 2018. Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. from August 2018 to December 2018. Prior thereto, the President of Raging River Exploration Inc. from June 2017 to August 2018 and Executive Vice President from February 2012 to June 2017.	816,328 (0.59%)
Tamara MacDonald ⁽²⁾⁽³⁾ <i>Calgary, Alberta, Canada</i>	Director	December 19, 2018	Director of Spartan Delta Corp., Rubellite Energy Inc. and Cache Island Corp. Prior thereto, Senior Vice President, Corporate and Business Development of Crescent Point Energy Corp. (" Crescent Point ") from October 2004 to July 2018.	125,000 (0.09%)
Andrew McCreath ⁽³⁾⁽⁴⁾ <i>Toronto, Ontario, Canada</i>	Director	December 19, 2018	Chief Executive Officer and Chief Investment Officer of Forge Asset Management since 2012.	412,356 (0.30%)
C. Neil Smith ⁽²⁾⁽³⁾ <i>Calgary, Alberta, Canada</i>	Director	December 19, 2018	President of WCF Holdings Corp. since January 2019. Prior thereto, Mr. Smith was the Chief Operating Officer at Crescent Point from January 2013 to June 2018.	243,654 (0.18%)
R. Steven Smith ⁽³⁾⁽⁴⁾ <i>Calgary, Alberta, Canada</i>	Director	December 11, 2018	Director of Journey Energy Inc., Karve Energy Inc. and Jasper Brewing Inc. Prior thereto, Mr. Smith was a Director of Broadview Energy Inc. from 2014 to 2019 and the Chief Financial Officer for the last 2 years. He was a Portfolio Manager and Chief Financial Officer at NCM Investments from 2007 to 2017.	1,231,250 (0.89%)
John Joseph Nally ⁽³⁾⁽⁴⁾ <i>Lagos, Portugal</i>	Director	August 10, 2021	Mr. Nally is an independent businessman. Prior thereto, Mr. Nally was the Head of Natural Resources at Cenkos Securities PLC a company he co-founded. He also acts as Non-Executive Chairman to Falcon Oil & Gas Ltd.	305,102 (0.22%)

Notes:

- (1) All directors of the Corporation are elected to hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the Corporation's articles.
- (2) Messrs. Neil Smith (Chair) and Beynon and Ms. MacDonald are members of the Corporation's Reserves, Health, Safety and Environment Committee.
- (3) Ms. MacDonald (Chair) and Messrs. R. Steven Smith (Chair), Neil Smith, McCreath and Nally are current members of the Corporation's Corporate Governance and Compensation Committee. Following the Meeting, it is anticipated that the Corporate Governance and Compensation Committee will comprise of Ms. MacDonald (Chair) and Messrs. R. Steven Smith, Neil Smith and Nally.
- (4) Messrs. Kohut (Chair), McCreath, Nally and R. Steven Smith are current members of the Corporation's Audit Committee. Following the Meeting, it is anticipated that the Audit Committee will comprise of Messrs. R. Steven Smith (Chair), McCreath and Nally.

Biographies

Ian Atkinson – Mr. Atkinson has been the founder of several private and public oil and gas companies with over 30 years of technical, executive and board of director experience. Mr. Atkinson was the founder, President and Chief Executive Officer of Gulf Pine since 2014. Prior thereto, Mr. Atkinson was a co-founder and Senior Executive Officer of Athabasca. At Athabasca, Mr. Atkinson was instrumental in the successful completion of Athabasca's initial public offering and a significant joint venture with PetroChina Company Limited. Mr. Atkinson currently sits on the board of Lycos Energy Inc. Mr. Atkinson holds a Master of Science degree in Chemical Engineering and an Institute of Corporate Directors (ICD.D) designation.

Bruce Beynon – Mr. Beynon is a professional geologist with over 30 years of oil and gas industry experience. Mr. Beynon was the Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. from August 2018 to December 2018 and President of Raging River Exploration Inc. until August 2018. Mr. Beynon also held executive positions with Compass Petroleum Partnership, Peloton Exploration Corp., Expor Exploration Corp. and KeyWest Energy Inc. Mr. Beynon holds a Master of Science degree in Geology.

Tamara MacDonald – Ms. MacDonald was most recently the Senior Vice President, Corporate and Business Development of Crescent Point. Ms. MacDonald has been involved in over 530 transactions totaling over \$14.5 billion. Ms. MacDonald has over 29 years of industry experience. Prior to Crescent Point, Ms. MacDonald worked with NCE Petrofund Corp., Merit Energy Ltd., Tarragon Oil & Gas Ltd. and Northstar Energy Corp. Ms. MacDonald currently sits on the boards of Spartan Delta Corp., Rubellite Energy Inc. and Cache Island Corp. Ms. MacDonald holds a Bachelor of Commerce degree with a major in Petroleum Land Management and an Institute of Corporate Directors (ICD.D) designation.

Andrew McCreath – Mr. McCreath has over 35 years of experience in the investment community including more than 25 years as a Portfolio Manager. Mr. McCreath is the Chief Executive Officer, Chief Investment Officer and Ultimate Designated Person of Forge First Asset Management, an alternative asset management firm in Toronto. Mr. McCreath is also the Market Commentator on BNN Bloomberg TV and host of "Weekly with Andrew McCreath". Mr. McCreath holds a Bachelor of Business Administration degree in Finance, a Master of Business Administration degree in Economics and a Chartered Financial Analyst (CFA) designation.

C. Neil Smith – Mr. Smith has over 30 years of technical, financial and international capital markets experience. Most recently, Mr. Smith was the Chief Operating Officer at Crescent Point where he was responsible for all aspects of the company's capital budget, safe operations, reserves management and acquisition evaluations as well as corporate operations risk management analysis and social responsibility reporting. He has a proven track record of creating shareholder value through the

innovative development of assets in a safe and capital-efficient manner. Mr. Smith holds a Bachelor of Applied Science degree in Geological Engineering and a Master of Business Administration degree in Finance.

R. Steven Smith – Mr. Smith is an Independent Businessman since April 2019 and is currently a Director of Journey Energy Inc., Karve Energy Inc. and Jasper Brewing Inc. He started his career in the oil and gas industry in finance with management, executive and director roles with companies including Canadian Pioneer Petroleum Ltd., POCO Petroleum Ltd., Renaissance Energy Ltd., Pan East Petroleum Corp. and most recently was the Chief Financial Officer and Director of Broadview Energy Inc. In addition to the oil and gas industry, Mr. Smith has 22 years in capital markets as Chief Financial Officer and Portfolio Manager with Norrep Capital Management Ltd. and Vice President and Director – Institutional Research at FirstEnergy Capital (now Stifel | FirstEnergy) and before that Orion Securities (now Macquarie Group). Mr. Smith holds a Business degree in Accounting, a Bachelor of Arts degree in English and Chartered Accountant (CA) and Chartered Professional Accountant (CPA) designations.

John Joseph Nally – Mr. Nally has over 45 years' experience in London's capital markets, including 18 years at Cenkos Securities PLC, a firm he co-founded. At Cenkos, Mr. Nally was an Executive Director and Head of Natural Resources and helped raise over £21 billion for small to medium sized companies since the firm's inception in 2004. Previously, Mr. Nally was a partner at Williams de Broe and was a full individual member of the International London Stock Exchange. He is a graduate of the London School of Economics.

Corporate Cease Trade Orders or Bankruptcies

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director or executive officer of any company that, while acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

None of the above proposed directors have, within 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, been

subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Penalties and Sanctions

None of the above proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or have entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the election to the Board of those persons designated above as nominees for election as directors. The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion, unless the Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the election of directors.

APPOINTMENT OF AUDITORS

The Shareholders will be asked to pass an ordinary resolution at the Meeting to appoint Deloitte LLP as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at such remuneration to be determined by the Board. Deloitte LLP was first appointed as the Corporation's auditors on January 17, 2019.

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the appointment of Deloitte LLP as auditors of the Corporation.

APPROVAL OF STOCK OPTION PLAN

The TSXV requires all listed companies with a 10% rolling stock option plan to obtain annual Shareholder approval of such plan. The Corporation's stock option plan (the "**Stock Option Plan**") was last approved by Shareholders at the Corporation's previous annual general and special meeting held on June 15, 2022.

Shareholders will be asked at the Meeting to vote on an ordinary resolution to approve the amended and restated Stock Option Plan of the Corporation. The full text of the amended and restated Stock Option Plan is attached as Schedule "A" to this Information Circular. The Stock Option Plan was amended to, without limitation: (a) clarify that the definition of "Insider" means an insider as defined in the policies of the TSXV; (b) remove language indicating that the TSXV does not impose a maximum term for the duration of an option; (c) clarify that adjustments to security based compensation granted or issued under the Stock Option Plan must be subject to prior acceptance of the TSXV; and (d) clarify language in the Stock Option Plan for alignment with the policies of the TSXV. For a discussion of the terms of the Stock Option Plan, please see "*Executive Compensation – Stock Option Plan*" in this Information Circular.

The Board believes that the passing of the following resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolution. At the Meeting, Shareholders will be asked to consider, and if thought appropriate, pass the following ordinary resolution:

"BE IT RESOLVED THAT:

1. the amended and restated stock option plan (the "**Stock Option Plan**"), substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated May 1, 2023, be and is hereby authorized and approved as the stock option plan of the Corporation;
2. the number of common shares of the Corporation reserved for issuance under the Stock Option Plan, and all other security based compensation plans, shall be no more than 10% of the Corporation's issued and outstanding common shares from time to time;
3. the form of Stock Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation; and
4. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the approval of the amended and restated Stock Option Plan.

APPROVAL OF SHARE AWARD INCENTIVE PLAN

On April 25, 2022, the Board approved the share award incentive plan (the "**Share Award Incentive Plan**") to provide directors, officers, employees and consultants of the Corporation with the opportunity to acquire Share Awards (as defined herein) to allow them to participate in the long-term success of the Corporation, and to promote greater alignment of their interests with those of the Shareholders. The Share Award Incentive Plan provides for the issuance of performance share awards ("**PSAs**") and restricted share awards ("**RSAs**", and together with PSAs, the "**Share Awards**"). The Corporation's Share Award Incentive Plan was last approved by Shareholders at the Corporation's previous annual general and special meeting held on June 15, 2022.

Shareholders will be asked at the Meeting to vote on an ordinary resolution to approve the amended and restated Share Award Incentive Plan of the Corporation. The full text of the amended and restated Share Award incentive Plan is attached as Schedule "B" to this Information Circular. The Share Award Incentive Plan was amended to, without limitation: (a) increase the maximum number of Common Shares issuable pursuant to the Share Award Incentive Plan from 6,000,000 to 13,900,000; and (b) clarify language in the Share Award Incentive Plan for alignment with the policies of the TSXV. For a

discussion of the terms of the Share Award Incentive Plan is set forth in "*Statement of Executive Compensation – Share Award Incentive Plan*" below.

The Board believes that the passing of the following resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolution. At the Meeting, Shareholders will be asked to consider, and if thought appropriate, pass the following ordinary resolution:

"BE IT RESOLVED THAT:

1. the amended and restated share award incentive plan (the "**Share Award Incentive Plan**"), substantially in the form attached as Schedule "B" to the management information circular of the Corporation dated May 1, 2023, be and is hereby authorized and approved as an equity compensation plan of the Corporation;
2. all unallocated restricted share awards and performance share awards issuable under the Share Award Incentive Plan are hereby authorized and approved;
3. the form of the Share Award Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without further approval of the shareholders of the Corporation, as further described in the full text of the Share Award Incentive Plan; and
4. any one officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the approval of the amended and restated Share Award Incentive Plan.

OTHER MATTERS COMING BEFORE THE MEETING

The Board knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

STATEMENT OF EXECUTIVE COMPENSATION

Pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), the Corporation is required to disclose certain information with respect to its compensation of executive officers and directors, as summarized below.

General

For the purpose of this statement of executive compensation, a "**CEO**" or "**CFO**" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "**Named Executive Officer**" or "**NEO**" means each CEO, each CFO, the Corporation's most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000, and any additional individuals who would be a Named Executive Officer but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the financial year.

Based on the foregoing definitions, the Corporation's Named Executive Officers in respect of the year ended December 31, 2022 were: Ian Atkinson, President, President & CEO and a director; Calvin Yau, CFO; and Gary McMurren, Chief Operating Officer (COO).

Compensation Philosophy, Objectives and Governance

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Corporation. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Executive officers are motivated through the program to enhance long-term shareholder value.

The Corporate Governance and Compensation Committee, on behalf of the Board, monitors compensation for the executive officers and directors of the Corporation and is currently comprised of R. Steven Smith (Chair), Michael G. Kohut, Tamara MacDonald, Andrew McCreath, Neil Smith and John Joseph Nally. It is anticipated that the Corporate Governance and Compensation Committee will comprise of Tamara MacDonald (Chair), R. Steven Smith, Neil Smith and Joe Nally following the Meeting. The Corporate Governance and Compensation Committee has the authority to engage and compensate, at the expense of the Corporation, any outside advisor that it determines to be necessary to permit it to carry out its duties, but it did not retain any such outside advisors in the financial year ended December 31, 2022.

Compensation Process

The Corporate Governance and Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for the directors and NEOs. When determining NEO compensation, the Corporate Governance and Compensation Committee uses all data available to it to ensure that such compensation is set at a level that is both commensurate with the size of the Corporation, responsibilities of the particular NEO and retention of the NEOs who are considered by the Corporate Governance and Compensation Committee to be essential to the success of the Corporation. In reviewing comparative data, the Corporate Governance and Compensation Committee benchmarks and compares its compensation practices against industry peers to ensure its compensation program is commensurate with other comparable companies operating in the oil and gas industry. The Corporate Governance and Compensation Committee considered the size (based on market capitalization, enterprise value, oil & gas production levels and concentration and operating revenue) and stage of development of the following eight companies in determining an appropriate compensation peer group of competitors:

- Advantage Oil & Gas Ltd.
- Canacol Energy Ltd.
- InPlay Oil Corp.
- Journey Energy Inc.
- PetroTal Corp.
- Spartan Delta Corp.
- Pine Cliff Energy Ltd.
- Coelacanth Energy Inc.
- Petrus Resources Ltd.
- i3 Energy Plc

Peer group constituents are reviewed on a regular basis to ensure their continued relevance. The same group is used to benchmark the Corporation's director compensation.

The Corporate Governance and Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary and awards of Options) and recommends the NEOs' compensation packages to the Board. In determining whether and how many Options will be granted, the Corporation does not use any formal objectives, criteria or analyses in reaching such determinations; however, consideration is given to the amount and terms of outstanding Options.

Elements of Executive Compensation

The significant elements of compensation awarded to the NEOs consists of a combination of the following significant elements: (i) base salary; (ii) the payment of bonuses where appropriate, at the discretion of the Board; and (iii) participation in the Stock Option Plan, the Share Award Incentive Plan and the Employee Stock Purchase Plan (as defined herein). These elements contain both short-term incentives, comprised of cash payments, being those provided by way of base salaries and bonuses, as well as long-term incentives, comprised of equity-based incentives, being those provided under the Stock Option Plan, the Share Award Plan and the Employee Stock Purchase Plan. Extended health care, dental and insurance benefits and the right to participate in the Stock Option Plan, the Share Award Plan and the Employee Stock Purchase Plan are provided to all employees, including the NEOs. The Board reviews annually the total compensation package of each of the Corporation's executives on an individual basis, against the backdrop of the compensation goals and objectives described above.

Cash Salary and Bonus

Base compensation and bonus for executive officers of the Corporation is set annually, having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions and peer group analysis. In setting base compensation and bonus levels, consideration is to be given to such factors as level of responsibility, experience and expertise in addition to the policies of the TSXV. Subjective factors such as leadership, commitment and attitude are also to be considered.

Options

To provide a long-term component to the executive compensation program, executive officers of the Corporation are eligible to receive Options. The maximization of shareholder value is encouraged by granting Options since it provides an incentive to eligible persons to further the development, growth and profitability of the Corporation. Consideration will be given to granting Options amongst the various organizational levels of management, including directors, officers, key employees and certain consultants. The CEO makes recommendations to the Board for the CFO, key employees and certain consultants. These recommendations are to take into account factors such as awards made in

previous years, the number of Options outstanding per individual and the level of responsibility. The Board, as a whole, determines the Options to be issued to the CEO.

Share Awards

The purpose of the Share Award Incentive Plan is to provide directors, officers, employees and consultants of the Corporation or any of its subsidiaries with the opportunity to acquire Restricted Share Awards ("**RSAs**") and/or Performance Share Awards ("**PSAs**"), and together with RSAs, ("**Share Awards**") to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of their interests with the interests of the Shareholders. The Board, or in the Board's discretion, a committee of the Board, may, from time to time, grant Share Awards to eligible persons, which Share Awards may be RSAs or PSAs. The Share Awards vest on such terms as specified by the Board or committee at the time of the grant of the Share Award and allow the participant a unit equivalent in value to a Common Share, credited by means of a bookkeeping entry on the books of the Corporation. The Share Awards may be settled at the discretion of the Board or Corporate Governance and Compensation Committee in Common Shares or cash.

The Share Award Incentive Plan was approved by the Board on April 25, 2022 and last approved by Shareholders on June 15, 2022. In the year ended December 31, 2022, an aggregate of 2,495,700 RSAs and nil PSAs were issued under the Share Award Incentive Plan.

Employee Share Purchase Plan

On April 1, 2023, the Corporation adopted an employee stock purchase plan (the "**Employee Stock Purchase Plan**" or "**ESPP**"). The Employee Stock Purchase Plan is not a primary element of the Corporation's compensation program; however, it enables NEOs, as well as other eligible employees of the Corporation, to acquire Common Shares of the Corporation so that employees can benefit from growth in value of Southern.

All permanent full-time and part-time employees and directors are eligible to participate in the Employee Stock Purchase Plan, pursuant to which employees and directors may contribute, by semi-monthly payroll deductions, for investment under the Employee Stock Purchase Plan, an amount of their regular salary ranging from 0% to a maximum of 8%, excluding bonuses, deferred compensation, overtime pay, statutory holiday pay or any special incentive compensation payments. The Corporation will, on a semi-monthly basis, contribute an amount of funds equal to 1.0 times the employee's contribution accumulated during that semi-monthly period, which contribution will be combined with the employee's contribution of their salary to acquire Common Shares. Subject to certain provisions in the Employee Stock Purchase Plan, there is a six (6) calendar month restriction on the sale of any Common Share acquired under the Employee Stock Purchase Plan.

Elements of Director Compensation

The Corporation's non-executive directors are provided cash remuneration for their services to the Corporation as directors. The cash remuneration includes an annual retainer and additional cash remuneration for the Chairman of the various committees of the Board. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or any committee of the Board. In addition, the directors are entitled to participate in the Stock Option Plan. The Corporation's directors do not have service contracts with respect to their roles as directors. The Board annually reviews the Corporation's approach to director compensation, generally, against the backdrop of the compensation goals and objectives described above.

Summary Compensation Table

NI 51-102 requires the disclosure of the compensation received by each NEO and director of the Corporation for each of the two most recently completed financial years.

The following table and notes thereto provide a summary of the compensation paid to the NEOs and directors of the Corporation for the two most recently completed financial years:

Name and Position	Year	Salary, Consulting Fees, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Named Executive Officers							
Ian Atkinson⁽¹⁾ <i>President, CEO and Director</i>	2022	\$ 233,500	--	--	--	--	\$ 233,500
	2021	\$ 185,000	--	--	--	--	\$ 185,000
Calvin Yau⁽²⁾ <i>CFO</i>	2022	\$ 220,500	--	--	--	--	\$ 220,500
	2021	\$ 175,000	--	--	--	--	\$ 175,000
Gary McMurren⁽²⁾ <i>COO</i>	2022	\$ 220,500	--	--	--	--	\$ 220,500
	2021	\$ 175,000	--	--	--	--	\$ 175,000
Directors							
Bruce Beynon⁽³⁾	2022	\$ 35,000	--	--	--	--	\$ 35,000
	2021	\$ 17,500	--	--	--	--	\$ 17,500
Michael G. Kohut⁽³⁾⁽⁷⁾	2022	\$ 32,500	--	--	--	--	\$ 32,500
	2021	\$ 16,250	--	--	--	--	\$ 16,250
Tamara MacDonald⁽³⁾	2022	\$ 25,000	--	--	--	--	\$ 25,000
	2021	\$ 12,500	--	--	--	--	\$ 12,500
Andrew McCreath⁽³⁾	2022	\$ 25,000	--	--	--	--	\$ 25,000
	2021	\$ 12,500	--	--	--	--	\$ 12,500
C. Neil Smith⁽³⁾	2022	\$ 32,500	--	--	--	--	\$ 32,500
	2021	\$ 16,250	--	--	--	--	\$ 16,250
R. Steven Smith⁽⁴⁾	2022	\$ 32,500	--	--	--	--	\$ 32,500
	2021	\$ 16,250	--	--	--	--	\$ 16,250
John Joseph Nally⁽⁵⁾	2022	\$ 25,000	--	--	--	--	\$ 25,000
	2021	\$ 12,500	--	--	--	--	\$ 12,500
Paul Baay⁽⁶⁾⁽⁷⁾	2022	\$ 12,500	--	--	--	--	\$ 12,500

Notes:

- (1) Mr. Atkinson was appointed President and CEO on December 11, 2018 in connection with the Recapitalization. All of the compensation paid to Mr. Atkinson relates to his role as President and CEO. Mr. Atkinson does not receive any compensation for his role as a director.
- (2) Mr. Yau was appointed Vice President, Finance and CFO and Mr. McMurren was appointed Vice President, Engineering on December 19, 2018 in connection with the Recapitalization. On July 1, 2022, Mr. Yau's title was changed to CFO and Mr. McMurren was promoted to COO.

- (3) Messrs. Beynon, Kohut, McCreath, and Neil Smith and Ms. MacDonald were appointed directors on December 19, 2018 in connection with the Recapitalization.
- (4) Mr. R. Steven Smith was appointed director on December 11, 2018 in connection with the Recapitalization.
- (5) Mr. Nally was appointed as a director on August 10, 2021 in connection with the Corporation's AIM admission.
- (6) Mr. Baay was appointed as a director on June 15, 2022.
- (7) Messrs. Kohut and Baay are not running for re-election as directors of the Corporation.

Stock Options and Other Compensation Securities

The following table and notes thereto provide a summary of the compensation securities (as such term is defined in Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) granted or issued by the Corporation to the NEOs and directors of Southern during the financial year ended December 31, 2022 for services provided or to be provided, directly or indirectly, to Southern:

Name and Position	Type of Compensation Security ⁽¹⁾⁽²⁾	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue / grant	Closing price of Common Shares on Date of Grant	Closing price of Common Shares on at Year-End	Exercise Price	Expiry Date
Ian Atkinson <i>President, CEO and Director</i>	Options RSA	550,000 234,400	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Calvin Yau <i>CFO</i>	Options RSA	420,000 220,300	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Gary McMurren <i>COO</i>	Options RSA	420,000 200,300	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Bruce Beynon <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Michael G. Kohut⁽⁴⁾ <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Tamara MacDonald <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Andrew McCreath <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
C. Neil Smith <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
R. Steven Smith <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
John Joseph Nally <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027
Paul Baay⁽⁴⁾ <i>Director</i>	Options RSA	105,000 29,975	Sep 12, 2022 Sep 12, 2022	\$ 0.98	\$ 0.82	\$ 1.01 N/A	Sep 12, 2027 Sep 12, 2027

Notes:

- (1) Options vest as to one-third on the grant date, and one-third on each of the first and second anniversary of the grant date.
- (2) RSAs vest as to one-third on each of the first, second and third anniversary of the grant date.
- (3) As at December 31, 2022, the NEOs and directors of the Corporation had ownership, direction or control over the following number of compensation securities: (a) Mr. Atkinson – 1,050,000 Options and 234,400 RSAs; (b) Mr. Yau – 780,000 Options

and 220,300 RSAs; (c) Mr. McMurren – 780,000 Options and 220,300 RSAs; (d) Messrs. Beynon, Kohut, McCreath, C. Neil Smith, and R. Steven Smith and Ms. MacDonald – 234,375 Options and 29,975 RSAs; (e) Mr. Nally – 159,375 Options and 29,975 RSAs; and (f) Mr. Baay – 105,000 Options and 29,975 RSAs.

(4) Messrs. Kohut and Baay are not running for re-election as directors of the Corporation.

Exercise of Compensation Securities

None of the NEOs or directors of the Corporation exercised any compensation securities during the most recently completed financial year.

Stock Option Plan

The Corporation has implemented the Stock Option Plan for directors, officers, employees, and consultants of the Corporation, and of its subsidiaries, if any, and employees of a person or company which provides management services to the Corporation or its subsidiaries (each, an "**Optionee**"), in accordance with the rules and policies of the TSXV. The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentives in their efforts on behalf of the Corporation in the conduct of its affairs.

An overview of the Stock Option Plan is provided below. Shareholders are encouraged to review the full text of the Stock Option Plan, as amended and restated, which is attached hereto as Schedule "A".

Overview of the Stock Option Plan

Pursuant to the Stock Option Plan, the Corporation has authorized, subject to any regulatory approvals, the reservation of up to ten percent (10%) of the issued and outstanding Common Shares for the grant of Options from time to time.

Under the Stock Option Plan, the Board may from time to time grant to Optionees, as the Board shall designate, Options to purchase from the Corporation such number of its Common Shares as the Board shall designate.

The maximum aggregate number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan, together with all other security based compensation arrangements, must not exceed five percent of the issued Common Shares in any twelve-month period (determined at the date the Option was granted). The number of Common Shares granted to any one consultant under the Stock Option Plan, together with all other security based compensation arrangements, in a twelve-month period must not exceed two percent of the issued Common Shares of the Corporation, calculated at the date the Option was granted to the consultant. The aggregate number of Options granted to eligible persons employed to provide investor relations activities under the Stock Option Plan must not exceed two percent of the issued Common Shares in any twelve-month period, calculated at the date the Option was granted. The maximum number of Common Shares which may be reserved for issuance to insiders (as such term is defined in the policies of the TSXV) as a group under the Stock Option Plan, together with all other security based compensation arrangements, shall not exceed ten percent of the total number of Common Shares then outstanding and the maximum number of Common Shares which may be issued to insiders as a group under the Stock Option Plan, together with all other security based compensation arrangements, within any twelve-month period shall not exceed ten percent of the total number of Common Shares then outstanding.

The period during which an Option is exercisable may not exceed ten years from the date such Option is granted. All Options are non-assignable and non-transferrable unless otherwise specifically provided for in the Stock Option Plan. Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted. The price which the Common Shares may be acquired upon exercise of an Option may not be less than the price permitted under the rules of any stock exchange on which the Common Shares are listed. The Option vesting provisions are determined by the Board at the time of grant.

If prior to the exercise of an Option, the holder ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Option may be exercised within the earlier of up to 90 days after such cessation or the expiry of the Option, but only to the extent that the holder was entitled to exercise the Option at the date of cessation. In the case of Optionees engaged in investor relations activities, such exercise must occur within 30 days of cessation of the Optionee's service to the Corporation (subject to extension at the discretion of the Board). In the case of the death of an Optionee, the Option may be exercised within the earlier of up to 12 months after such death or the expiry of the Option, but only to the extent that the holder was entitled to exercise the Option at the date of death.

The Board may terminate or discontinue the Stock Option Plan at any time without the consent of the participants under the Stock Option Plan provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Stock Option Plan.

As at the financial year ended December 31, 2022, there were 7,628,125 Common Shares reserved for issuance pursuant to Options granted under the Stock Option Plan prior to such date.

Share Award Incentive Plan

The Share Award Incentive Plan was approved for Eligible Person (as defined herein) by the Board on April 25, 2022 and by Shareholders on June 15, 2022, in accordance with the rules and policies of the TSXV. The purpose of the Share Award Incentive Plan is to provide directors, officers, employees and consultants of the Corporation or any of its subsidiaries with the opportunity to acquire Share Awards to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of their interests with the interests of the Shareholders.

The Share Award Incentive Plan is administered by the Board or, as permitted by applicable law, the Corporate Governance and Compensation Committee of the Board.

An overview of the Share Award Incentive Plan is provided below. Shareholders are encouraged to review the full text of the Share Award Incentive Plan, as amended and restated, which is attached hereto as Schedule "B".

Share Awards and Eligibility

Share Awards may be awarded to persons who are directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation ("**Eligible Persons**") as the Board determines. Eligible Persons who have been awarded Share Awards or to whom Share Awards have been transferred are referred to as "Participants" under the plan. Notwithstanding the foregoing, non-employee directors are not eligible to be awarded PSAs and are only eligible to be awarded RSAs. PSAs are a unit equivalent to the value of a Common Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with the Share Award Incentive Plan, based on the achievement of performance criteria set out in an applicable award notice. RSAs may be awarded

to Eligible Persons as the Board determines. RSAs are a unit equivalent to the value of a Common Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with the Share Award Incentive Plan.

The number of Share Awards (including fractional Share Awards) to be credited as of the date on which Share Awards are awarded to a Participant (the "**Award Date**") shall be determined by the Corporate Governance and Compensation Committee in its sole discretion. Upon receipt of acknowledgment in the manner specified under the Share Award Incentive Plan, Share Awards shall be credited to an account maintained for each Participant on the books of the Corporation, effective as of the Award Date for that grant.

Vesting

Each Share Award will vest on such terms as shall be specified by the Board or Corporate Governance and Compensation Committee at the time of granting Share Awards as reflected in a notice substantially in the form of the schedules appended to the Share Award Incentive Plan, and in the case of the PSAs, containing such other terms and conditions relating to an award of PSAs as the Board may prescribe ("**Award Notice**"), except as otherwise provided in the Share Award Incentive Plan. Unless otherwise stipulated by the Board at the time of grant and subject to earlier vesting in accordance with the terms of the Share Award Incentive Plan:

- (a) RSAs granted under the Share Award Incentive Plan shall vest as to 33 1/3% on each of the first, second and third anniversaries of the Award Date applicable to such RSAs; and
- (b) Subject to the terms of the Share Award Incentive Plan, PSAs granted under the Share Award Incentive Plan shall vest on the third anniversary of the Award Date (each applicable date, a "**Vesting Date**").

Performance Vesting

Prior to the Vesting Date in respect of any PSA, the Board or Corporate Governance and Compensation Committee shall assess the performance of the Corporation for the applicable period. The performance measures to be taken into consideration in granting PSAs and determining the adjustment factor in respect of any PSA shall be established by the Board in its sole discretion at the time of the grant of the PSA, and may include, without limitation, the total shareholder return of the Common Shares compared to an index, subindex or identified group of peers and the Corporation's performance compared to identified operational or financial targets (the "**Performance Measures**"). The applicable adjustment factor may be between a minimum of zero and such maximum as determined by the Board or Compensation Committee (provided such maximum shall not exceed 2.0) (the "**Adjustment Factor**"). The weighting of the individual measures comprising the Performance Measures shall be determined by the Board or Compensation Committee, as applicable, in its sole discretion having regard to the principal purposes of the Share Award Incentive Plan and, upon the assessment of all Performance Measures, the Board or Compensation Committee shall determine the Adjustment Factor for the applicable period in its sole discretion.

Settlement

Unless otherwise determined by the Board in its sole discretion, the date of settlement of any Share Award (a "**Distribution Date**") shall be the applicable Vesting Date for such Share Award pursuant to the Share Award Incentive Plan, provided that, for greater certainty, the Board may in its sole discretion

impose additional or different conditions to the termination of the Distribution Date of any Share Award. At any time after the applicable Vesting Date but prior to the Distribution Date, a Participant who is not a U.S. taxpayer shall be entitled to deliver to the Corporation an exercise notice requesting that all of such Participant's Share Awards be settled in Common Shares, the number of which shall be determined in accordance with the terms of the Share Award Incentive Plan. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Participant's Share Awards requested to be settled by the Participant in exchange for a payment by the Company of a cash amount, as determined in accordance with the terms of the Share Award Incentive Plan.

No Distribution Date in respect of any Share Award may occur after the earlier of: (i) the thirtieth day after the participant ceases to be eligible to participate under the Share Award Incentive Plan; or (ii) December 31st of the third year following the year in which the Participant performed the services to which such Share Awards relate (the earlier of the two being the "**Final Date**"). With respect to any Share Awards awarded to a participant who is a U.S. taxpayer, the Distribution Date shall be the applicable Vesting Date established pursuant to the Share Award Incentive Plan. Subject to any election by the Board or Corporate Governance and Compensation Committee, as applicable, to settle a Share Award in cash, as soon as practicable after each Distribution Date or on the Final Date (if the Distribution Date is the Final Date), the Corporation shall issue to the participant or to the participant's estate, a number of Common Shares equal to the number of Share Awards in the participant's account that became payable on the Distribution Date (the "**Payment Shares**"). As of the Distribution Date, the Share Awards in respect of which such Common Shares are issued or cash is paid shall be cancelled and no further payments shall be made to the participant under the Share Award Incentive Plan in relation to such Share Awards.

Total Shares Subject to Share Awards

Unless otherwise approved by the TSXV and the Shareholders:

- (a) the securities that may be issued to Participants under the Share Award Incentive Plan shall consist of those authorized but unissued Common Shares which the Board and/or Corporate Governance and Compensation Committee has, in its discretion, reserved and approved for issuance under the Share Award Incentive Plan from time to time;
- (b) subject to adjustment in accordance with the Share Award Incentive Plan, the aggregate number of Common Shares that may be issuable pursuant to the Share Award Incentive Plan and all other security based compensation arrangements, including the Stock Option Plan, shall not exceed 13,900,000 Common Shares;
- (c) the Board shall not grant Share Awards under the Share Award Incentive Plan if the number of Common Shares issuable pursuant to outstanding Share Awards, when combined with the number of Common Shares issuable pursuant to outstanding Options and outstanding securities under any other security-based compensation arrangements of the Corporation, would exceed 10% of the issued and outstanding Common Shares at the time of the grant;
- (d) the number of securities issued to insiders of the Corporation (as such term is defined in the policies of the TSXV), as a group, within any one-year period, under all security based compensation arrangements, including, without limitation, the Stock Option Plan, shall not exceed 10% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis, unless disinterested Shareholder approval is obtained;

- (e) the aggregate: (i) number of Common Shares that may be reserved for issuance pursuant to the exercise of RSAs granted to non-management Directors pursuant to the Share Award Incentive Plan shall not exceed 1.0% of the Common Shares outstanding from time to time; and (ii) value of RSAs granted to any one non-employee Director in any calendar year under the Share Award Incentive Plan and under any other security based compensation arrangements, including, without limitation, the Stock Option Plan, shall not exceed \$150,000;
- (f) the number of securities issued to any one Participant and such Participant's associates, within any one-year period, under all security based compensation arrangements, including, without limitation, the Stock Option Plan, shall not exceed 5% of the issued and outstanding Common Shares at the time of the grant, unless disinterested Shareholder approval is obtained;
- (g) the number of securities issued to any one consultant, within any one-year period, under all security based compensation arrangements, including, without limitation, the Stock Option Plan, shall not exceed 2% of the issued and outstanding Common Shares at the time of the grant;
- (h) no securities shall be issued to any Participants who are employees engaged in investor relation activities under the Share Award Incentive Plan;
- (i) to the extent Share Awards are exercised or to the extent any Share Awards are terminated for any reason or are cancelled, the Common Shares subject to such Share Awards shall be added back to the number of Common Shares reserved for issuance under the Share Award Incentive Plan and such Common Shares will again become available for Share Award grants under the Share Award Incentive Plan; and
- (j) if the acquisition of Common Shares by the Corporation for cancellation should result in any of the above tests no longer being met, this shall not constitute non-compliance with the Share Award Incentive Plan for any awards outstanding prior to such purchase of Common Shares for cancellation.

For purposes of the calculations above, the Share Award Incentive Plan provides that it shall be assumed that all issued and outstanding Share Awards will be settled by the issuance of Common Shares from treasury, notwithstanding the Corporation's right to settle Share Awards in cash or by purchasing Common Shares on the open market.

Duration of Share Awards

Each Share Award and all rights thereunder shall be expressed to expire on the date set out in the Award Notice and shall be subject to earlier termination by ceasing to be a director, officer, consultant or employee or by death or disability of the Participant.

Subject to the rules and regulations of the TSXV or any other exchange on which the Common Shares are listed for trading, and notwithstanding any other provisions of the Share Award Incentive Plan, if the Distribution Date of any Share Award occurs during or within 10 business days following the end of a Black-Out Period (as defined below), the Distribution Date of such Share Award shall be extended for a period of 10 business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange or any other exchange on which the Common Shares are listed and approved by the Board). "**Black-Out Period**" for the purposes of the Share Award Incentive Plan

means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Share Award.

Amendments Subject to Shareholder Approval

The Board has the absolute discretion to amend, suspend or terminate the Share Award Incentive Plan or awards granted thereunder. The only amendments to the Share Award Incentive Plan that would be subject to shareholder approval are amendments that would:

- (a) increase the number of securities issuable under the Share Award Incentive Plan otherwise than in accordance with the terms of the Share Award Incentive Plan;
- (b) increase the number of securities issuable to an insider of the Corporation otherwise than in accordance with the terms of the Share Award Incentive Plan;
- (c) extend the Distribution Date of any Share Awards held by insiders of the Corporation beyond the original Final Date of the Share Awards;
- (d) add any form of financial assistance to a participant in the Share Award Incentive Plan;
- (e) permit a participant to transfer any Share Awards to a new beneficial holder other than for estate settlement purposes;
- (f) increase the maximum number, or the maximum value, of RSAs that may be granted to non-employee directors; and
- (g) amend the amendment provisions of the Share Award Incentive Plan.

Outstanding Share Awards

As at December 31, 2022, 2,495,700 Common Shares were reserved for issuance pursuant to the Share Award Incentive Plan pursuant to Share Awards granted prior to such date.

Employment, Consulting and Management Agreements

Except as provided below, there were no agreements or arrangements under which compensation was provided during the financial year ended December 31, 2022, or is payable, in respect of services provided to the Corporation or any of its subsidiaries that were performed by a NEO or director of the Corporation, or were performed by any other party but are services typically provided by a NEO or director of the Corporation.

On July 15, 2019, the Corporation entered into executive employment agreements with Messrs. Atkinson, Yau and McMurren in connection with their roles as President and Chief Executive Officer, Chief Financial Officer (formally VP, Finance & Chief Financial Officer), and Chief Operating Officer (formerly Vice President, Engineering), respectively. The executive employment agreements between the Corporation and Messrs. Atkinson, Yau and McMurren shall collectively be referred to herein as the "**Employment Agreements**").

The Employment Agreements provide a termination payment upon a termination by: (a) the executive if, within ninety days from a change of control, good reason exists and is not cured within thirty days

of notice of termination provided by the executive (as such terms are defined in the Employment Agreements); or (b) the Corporation without cause. The termination payment shall be equal to, in relation to each Employment Agreement the aggregate of: (a) all accrued but unpaid expenses required to be reimbursed under the relevant Employment Agreement and salary for services rendered up to the termination date; (b) the pro-rated value of any accrued but unused vacation entitlement as at the termination date for that portion of the calendar year in which the executive was actively employed; (c) the greater of either: (i) the amount of minimum notice or, at the Corporation's option, payment in lieu thereof, or combination of notice and pay in lieu thereof, required by the *Employment Standards Code* (Alberta); or (ii) notice of termination or, at the Corporation's option, pay in lieu of notice (where by way of salary continuation or lump sum) or a combination of notice and pay in lieu thereof, equivalent to 18 months for Mr. Atkinson and 12 months for the other NEOs; and (d) twenty percent of the executive's salary (as at the termination date) as compensation for the loss of employment benefits.

The estimated payments which would be payable by the Corporation under the Employment Agreements, assuming a termination of employment without cause occurred on the date hereof, would be, in the aggregate, \$990,000.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2022, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders	10,123,825	\$0.87	3,681,866
Equity Compensation Plans Not Approved by Securityholders	-	\$ -	-
Total⁽¹⁾	10,123,825	\$0.87	3,681,866

Note:

(1) On September 12, 2022, the Corporation granted: (a) an aggregate of 4,000,000 Options to directors, officers and employees pursuant to the Stock Option Plan at an exercise price of \$1.01 per Common Share; and (b) an aggregate of 2,495,700 RSAs to eligible participants pursuant to the Corporation's Share Award Incentive Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or executive officer of the Corporation, nor any of their associates or affiliates, nor any employee of the Corporation is or has been indebted to the Corporation since the beginning of the most recently completed fiscal year of the Corporation, nor is, or at any time since the beginning of the most recently completed fiscal year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as provided below, there are no material interests, direct or indirect, of directors, executive officers of the Corporation or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's most recently completed financial year.

Sanjib Gill, the Corporate Secretary of the Corporation, is a partner of the national law firm Stikeman Elliott LLP, which law firm rendered legal services to the Corporation.

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

Other than as disclosed in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

CORPORATE GOVERNANCE PRACTICES

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

Corporate Governance

The Board has established a Corporate Governance and Compensation Committee. The current members of the Corporate Governance and Compensation Committee are Messrs. R. Steven Smith, Neil Smith, McCreath, Kohut, Nally and Ms. McDonald. Mr. R. Steven Smith is the Chairman of the Corporate Governance and Compensation Committee. It is anticipated that the Corporate Governance and Compensation Committee will comprise of Tamara MacDonald (Chair), R. Steven Smith, Neil Smith and Joe Nally following the Meeting. The Corporate Governance and Compensation Committee is comprised entirely of non-management members of the Board, and the Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least twice annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee.

The Corporate Governance and Compensation Committee is responsible for proposing new director nominees to the Board and for assessing current directors on an ongoing basis. The Corporate Governance and Compensation Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities.

Independence of Members of the Board

The Board currently consists of nine (9) directors, eight (8) of whom are independent based upon the tests for independence set forth in NI 52-110. Messrs. Beynon, R. Steven Smith, Neil Smith, McCreath, Kohut, Nally, Baay and Ms. MacDonald are independent. Mr. Atkinson is not independent by virtue of serving as President and Chief Executive Officer of the Corporation.

Board Oversight

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board, as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an in-camera session among the independent and disinterested directors.

Directorships in Other Reporting Issuers

As of the date hereof, the following directors hold directorships in other reporting issuers:

Name of Director	Reporting Issuer
Ian Atkinson	Lycos Energy Inc.
Bruce Beynon	Lycos Energy Inc.
Michael Kohut	Hammerhead Energy Inc.
Tamara MacDonald	Spartan Delta Corp. Rubellite Energy Inc
John Joseph Nally	Falcon Oil & Gas Ltd.
R. Steven Smith	Journey Energy Inc.
Paul Baay	Touchstone Exploration Inc.

Board Mandate

The Board has adopted a written mandate, the full text of which is attached as Schedule "E" to the management information circular of the Corporation dated November 20, 2019 that summarizes, among other things, the Board's duties and responsibilities. Interested Shareholders may obtain a copy of the mandate upon request (free of charge) by contacting the Corporation at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1, or by accessing the Corporation's SEDAR profile at www.sedar.com. The Board is responsible for the overall stewardship of the Corporation and dealing with issues which are pivotal to determining the Corporation's strategy and direction. The Board has directly, and through the appointment of certain committees, put in place an effective system for monitoring the implementation of corporate strategies. The Board is not involved in the day to day operations of the Corporation, as these operations are conducted by the Corporation's management. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management plans designed to accomplish those objectives. Where appropriate, key management

personnel and professional advisors are invited to attend Board meetings to speak to these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, the entering into of lines of credit or other significant borrowing activities and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession and risk management.

Essential to strategic planning is assessing and understanding business risks and related control systems. The Board helps set limits with respect to business risks, to the extent they can be managed, and approves strategies for minimizing risks. Implementations of these strategies are then monitored by the Board. The Board, through the Audit Committee, requires management of the Corporation to put into place systems to address financial risks and to periodically report to the Board on these systems and risks.

Management has implemented procedures to provide reasonable assurance of effective communication with the Shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance and Compensation Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance and Compensation Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

Position Descriptions

The Board has developed a written position description for the Chairman of the Board and the Chief Executive Officer of the Corporation, but has not developed a written position description for the Chairman of the Audit Committee.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

Orientation and Continuing Education

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

- (a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;

- (b) access to recent, publicly filed documents of the Corporation;
- (c) access to management; and
- (d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSXV for effective corporate governance, including NP 58-201. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. Interested Shareholders may obtain a copy of the Code upon request (free of charge) by contacting the Corporation at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1, or by accessing the Corporation's SEDAR profile at www.sedar.com.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Corporate Governance and Compensation Committee. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect of same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

Nomination of Directors

The Corporate Governance and Compensation Committee has responsibility for identifying potential Board candidates. The Corporate Governance and Compensation Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The written charter of the Corporate Governance and Compensation Committee includes considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by Shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board.

Compensation

The Board has established a Corporate Governance and Compensation Committee (see "*Corporate Governance*", above). The members of the Corporate Governance and Compensation Committee are independent and have the responsibility for determining compensation for the directors, officers, employees and consultants of the Corporation. Please see the discussion under the heading "*Executive Compensation*".

The Corporation's Corporate Governance and Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, officers and employees, which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, Options and any share purchase plan, the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

The responsibilities, powers and operations of the Corporate Governance and Compensation Committee, in respect of compensation include: (a) reviewing the adequacy and form of any compensation program for executive officers; (b) reviewing the adequacy and form of non-employee directors' compensation; (c) reviewing and creating a position description for the Chief Executive Officer; (d) evaluating the Chief Executive Officer's performance in light of corporate goals and objectives; (e) making recommendations to the Board with respect to the Chief Executive Officer's compensation; (f) setting criteria for selecting new directors; (g) recommending to the Board the size of the Board, the appropriate composition of the board and eligible individuals for election to the Board, a majority of whom shall be independent; (h) recommending to the Board the appropriate committee structure, committee mandates, composition and membership; and (i) reviewing and recommending to the Board a set of corporate governance policies, practices and principles aimed at fostering a healthy governance culture at the Corporation.

Audit Committee

See "*Audit Committee*" below.

Reserves, Health, Safety and Environment Committee

The members of the Reserves, Health, Safety and Environment Committee are Messrs. Neil Smith and Beynon and Ms. MacDonald. Mr. Neil Smith is the Chairman of the Reserves, Health, Safety and Environment Committee. The Reserves, Health, Safety and Environment Committee's responsibilities include, but are not limited to: (a) reviewing management's recommendations for the appointment of independent engineers; (b) reviewing the independent engineering reports and considering the principal assumptions upon which such reports are based; (c) reviewing management's input into the independent engineering report and key assumptions used; (d) reviewing the reserve additions and reserve revisions which occur from one report to the next and seeking the independent engineer's input and management's input with respect to why these revisions have occurred; (e) reviewing the information supplied to the independent engineers with respect to the constant price case, operating costs, royalty burdens, required capital expenditures, recovery rates, decline rates and other matters; (f) annually reviewing the appropriateness of, and updating, the Corporation's environmental policies, management systems and programs and reporting to the Board thereon; (g) ensuring that the Corporation has the necessary tools to measure its business units' environmental performance and compliance with applicable regulatory standards; (h) reviewing the environmental performance and, whenever relevant, any non-compliance situation of the Corporation's business units, to recommend the required corrective measures; (i) ensuring that environmental risk management procedures and emergency response measures are in place and are periodically updated and distributed within the Corporation; (j) assessing the environmental risks and emergency situations brought to its attention to recommend the required corrective measures; (k) immediately communicating any incident giving rise to significant environmental risks to the Board; (l) recommending to the Board that the Corporation exercise due diligence with respect to non-compliance situations, environmental risks or emergency situations brought to its attention; (m) reviewing and reporting to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention; (n) recommending to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with regulatory standards and the Corporation's environmental policies and programs; (o) analyzing all environmental matters brought to its attention and deemed relevant or that the Board specifically asks the committee to review; and (p) reporting to the Board on the Corporation's environmental policies, programs and situation and make appropriate recommendations.

Assessments

The Board is responsible to assess, on an ongoing basis, its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

AUDIT COMMITTEE

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal fiduciary obligations with respect to matters involving accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit

Committee to maintain free and open means of communications among the Board, the independent auditors and the financial and senior management of the Corporation.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

Audit Committee Charter

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board, the full text of which is attached as Schedule "B" to the annual information form of the Corporation for the fiscal year ended December 31, 2018, dated April 3, 2019, which is incorporated by reference into this Information Circular. Interested Shareholders may obtain a copy of the Audit Committee Charter upon request (free of charge) by contacting the Corporation at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1, or by accessing the Corporation's SEDAR profile at www.sedar.com. The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must pre-approve all non-audit services to be provided by an external auditor.

Composition of the Audit Committee

As of the date hereof, the Audit Committee is comprised of:

Name of Director	Independent (Yes/No) ⁽¹⁾	Financially Literate (Yes/No)
Mr. Kohut (Chairman) ⁽²⁾	Yes	Yes
Mr. McCreath	Yes	Yes
Mr. R. Steven Smith	Yes	Yes
Mr. Nally	Yes	Yes

Note:

(1) As defined in NI 52-110.

(2) Mr. Kohut is not running for re-election as a director of the Corporation. It is currently anticipated that Mr. R. Steven Smith will fill Mr. Kohut's role as Chair of the Audit Committee, and that the Audit Committee will be comprised of Messrs. McCreath and Nally following the Meeting.

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected

to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and

- (d) an understanding of internal controls and procedures for financial reporting.

Mr. Kohut is the current Chairman of the Audit Committee. Mr. Kohut is also Senior Vice President, Chief Financial Officer and a Director at Hammerhead Energy Inc. (formerly Hammerhead Resources). Prior thereto, Mr. Kohut was the Senior Vice President and Chief Financial Officer of Hammerhead Resources from January 2019 to January 2023, the Vice President of Finance at Paramount Resources Ltd. from November 2017 to April 2018 and Chief Financial Officer of Trilogy Energy Corp. from June 2006 to October 2017.

Mr. Smith is a Chartered Accountant with over 40 years of business experience. After articling at KPMG and obtaining his Chartered Accountant designation, he moved to the oil and gas industry and worked exclusively in management and executive roles at companies including Canadian Pioneer, POCO Petroleum, Renaissance Energy and Pan East Petroleum before becoming an equity research analyst at the Bank of Montreal. Mr. Smith has 22 years of experience in capital markets as Chief Financial Officer and Portfolio Manager with Norrep Capital Management Ltd. and Vice President and Director – Institutional Research at FirstEnergy Capital (now Stifel | FirstEnergy) and before that Orion Securities (now Macquarie Group). Mr. Smith holds a Business degree in Accounting, a Bachelor of Arts degree in English and Chartered Accountant (CA) and Chartered Professional Accountant (CPA) designations. He is currently a director of Journey Energy Inc., Karve Energy Inc. and Jasper Brewing Inc. He was previously the Chief Financial Officer and a Director of Broadview Energy Inc. and before that, a Portfolio Manager and CFO at NCM Investments. It is currently anticipated that Mr. Smith will fill Mr. Kohut's role as Chairman of the Audit Committee following the Meeting.

Mr. McCreath is a Chartered Financial Analyst with over 35 years of experience in the investment community including the last 25 years as a Portfolio Manager. Mr. McCreath is the Chief Executive Officer, Chief Investment Officer and Ultimate Designated Person of Forge First Asset Management, an alternative asset management firm in Toronto. Mr. McCreath is also the Market Commentator on BNN Bloomberg TV.

Mr. Nally is a graduate of the London School of Economics with over 45 years of experience in London's capital markets, including 18 years at Cenkos Securities PLC, a firm he co-founded. At Cenkos, Mr. Nally was an Executive Director and Head of Natural Resources. Previously, Mr. Nally was a partner at Williams de Broe and was a full individual member of the International London Stock Exchange.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized

to approve any non-audit services or additional work, which the Chairman of the Audit Committee deems as necessary.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees ⁽¹⁾	Audit-related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2022	\$ 125,000	\$ 57,000	\$ --	\$ 119,000
2021	\$ 110,000	\$ 48,000	\$ --	\$ 122,000

Notes:

- (1) Audit fees are the aggregate fees billed by the Corporation's auditor for audit services.
- (2) Audit-related fees are the aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statement and are not disclosed under "Audit fees".
- (3) Tax fees are the aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice and tax planning.
- (4) All other fees are the aggregate fees billed for services provided by the Corporation's auditor other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees".

Reliance on Certain Exemptions

The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on the exemptions contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ADDITIONAL INFORMATION

Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. A copy of these documents may be obtained by contacting the Corporation's Chief Financial Officer at 2400, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1 or by phone at 587-287-5400.

Copies of these documents, as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities, may also be accessed through the SEDAR website at www.sedar.com

SCHEDULE "A"

Stock Option Plan

(Please see attached.)

AMENDED AND RESTATED STOCK OPTION PLAN

1. Purpose

The purpose of the Stock Option Plan (the "**Plan**") of Southern Energy Corp., a corporation incorporated under the *Canada Business Corporations Act* (the "**Corporation**") is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) "**Active Employment**" means the period in which a Participant who is an employee of the Corporation or an affiliate performs work for the Corporation or an affiliate. For certainty, "Active Employment" shall be deemed to include any period constituting the minimum notice of termination period as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows or ought to have followed the later of the end of the statutory notice period or the Participant's last day of performing work for the Corporation or an affiliate, whether that period arises from a contractual or common law right.
- (b) "**Active Engagement**" means any period which a Participant who is not an employee of the Corporation or an affiliate provides services to the Corporation or an affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Corporation or an affiliate, including at common law.
- (c) "**Black-out Period**" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.
- (d) "**Board**" means the Board of Directors of the Corporation.
- (e) "**Business Day**" means any day, other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close.
- (f) "**Corporation**" means Southern Energy Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board or a duly empowered committee appointed by the Board.
- (g) "**Disinterested Shareholders**" means at a meeting of the shareholders of the Corporation, all shareholders, present in person or represented by proxy, excluding votes attaching to Shares beneficially owned by insiders of the Corporation and their associates.
- (h) "**Exchange**" has the meaning ascribed thereto in Section 4.

- (i) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange.
- (j) **"Insider"** means an insider as defined in the policies of the Exchange.
- (k) **"Management Company Employees"** means employees of a person or company which provides management services to the Corporation or its subsidiaries.
- (l) **"Net Exercise"** has the meaning ascribed thereto in Section 4.8(d)(ii) of Policy 4.4 of the TSX Venture.
- (m) **"Option"** means an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Share(s) from treasury at a price determined by the Board.
- (n) **"Option Period"** has the meaning ascribed thereto in Section 11(a).
- (o) **"Participant"** means directors, officers, consultants, and employees of the Corporation or its subsidiaries, and Management Company Employees, who are eligible for selection to participate in the Plan.
- (p) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.
- (q) **"Security Based Compensation Arrangement"** means any share rights incentive plan, share option, share option plan, employee share purchase plan in existence from time to time where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury.
- (r) **"Share(s)"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified.
- (s) **"Termination Date"** means, in respect of a Participant who is an employee of the Corporation or an affiliate, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Corporation or an affiliate, whether such date is selected by the Participant, by mutual agreement between the Corporation or an affiliate and the Participant, or unilaterally by the Corporation or an affiliate.
- (t) **"TSX Venture"** means the TSX Venture Exchange.
- (u) **"VWAP"** means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option; and in the event that the Shares are not listed and posted for trading on any stock exchange, the VWAP shall be determined by the Board of Directors in its sole discretion, acting reasonably.

3. Administration

The Plan shall be administered by the Board of the Corporation or by a special committee of the directors appointed from time to time by the Board of the Corporation pursuant to rules of procedure fixed by the Board. A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

4. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

5. Shares Subject to Plan

Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of Shares of the Corporation's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan, excluding Shares issued upon the exercise of any awards granted under all other Security Based Compensation Arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

6. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

7. Eligibility and Participation

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

8. Exercise of Options

Options may be exercised at a price that shall be fixed by the Board at the time that the option is granted. No option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.

Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if Disinterested Shareholder approval is obtained.

9. Number of Optioned Shares

- (a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other Security Based Compensation Arrangements of the Corporation is 10% of the issued and outstanding Shares from time to time, subject to the following additional limitations:
 - (i) the maximum aggregate number of issuable Shares reserved for issuance to any one person under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, must not exceed 5% of the then outstanding Shares in any 12-month period (on a non-diluted basis), unless disinterested shareholder approval is obtained;
 - (ii) in the aggregate, no more than 10% of the issued and outstanding Shares (on a non-diluted basis) may be reserved at any time for Insiders (as a group) under the Plan, together with all other Security Based Compensation Arrangements of the Corporation, unless disinterested shareholder approval is obtained;
 - (iii) the number of securities of the Corporation issued to Insiders (as a group), within any one year period, under all Security Based Compensation Arrangements, cannot exceed 10% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
 - (iv) the maximum aggregate number of Shares issuable to any one Consultant in any 12-month period, under all Security Based Compensation Arrangements, cannot exceed 2% of the issued and outstanding Shares; and
 - (v) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve month period to all persons employed to provide investor relations activities. Options

granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.

- (b) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

10. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 13 and 14, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange Inc. ("**TSX Venture**"), the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine Business Day following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiry date for such Option for all purposes under the Plan. The ten Business Day period referred to in this paragraph may not be extended by the Board.

11. Option Period, Consideration and Payment

- (a) The option period (the "**Option Period**") shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 13 and 14 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 13 and 14, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

- (f) The Board may, in its sole and absolute discretion, declare that the Participants (other than those Participants engaged in investor relations activities) shall be entitled to exercise Options on a "Net Exercise" basis at any time prior to the expiry time of such Options. The exercise of any Option on a "Net Exercise" basis will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares in respect of which the Option is being exercised on a "Net Exercise" basis. Upon such exercise, the Participant shall be issued such number of Shares as is equal to (i) the "in-the-money" amount for all of the Participant's Options being exercised on a "Net Exercise" basis (being the then VWAP (calculated at the date of exercise) less the exercise price of each such Option) divided by (ii) the then VWAP (calculated at the date of exercise), and multiplied by (iii) the number of Options being exercised on a "Net Exercise" basis.

12. Withholding Taxes

The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a Participant;
- (b) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Corporation equal to the amount, in the Corporation's opinion, required to be withheld and remitted by the Corporation for the account of the Participant to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or
- (c) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

13. Ceasing To Be a Director, Officer, Consultant or Employee

If a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason other than death, such Participant's Option will terminate at 4:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and 30 days after the Termination Date. A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any Option which would have vested or been granted after the Termination Date, or which could have been exercised after the Termination Date but for this Section 13, including but not limited to damages in lieu of notice at common law. For greater certainty, any Participant who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

14. Death of Participant

Notwithstanding section 13, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

15. Rights of Participant

- (a) No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.
- (b) No person has any right to compensation or damages for any loss in relation to this Plan including any loss in relation to:
 - (i) any loss or reduction of rights or expectations under the Plan in any circumstances (including termination of employment for any reason; and
 - (ii) any exercise of discretion or a decision taken in relation to a grant of Options to the Plan, or any failure to exercise discretion or make a discretion.

16. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

17. Adjustments

If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another Corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section 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. No fractional Common Share shall be required to be issued under the Plan on any such adjustment.

Any adjustment, other than in connection with a security consolidation or security split, to Security Based Compensation granted or issued under a Security Based Compensation Plan must be subject to the prior acceptance of the Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

18. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the

extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

19. Amendment and Termination of Plan

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

- (a) reduce the exercise price of an Option held by an Insider of the Corporation;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of paragraph 10 above)
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under paragraphs 9(a)(ii) and 9(a)(iii) hereof;
- (d) increase the maximum number of Shares issuable pursuant to this Plan; or
- (e) amend the amendment provisions of this Plan under this Article 19.

Where shareholder approval is sought for amendments under subsections (a), (b), (c) and (d) above, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded (subject to disinterested shareholder approval).

20. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

21. Effective Date of Plan

The Plan has been adopted by the Board subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

22. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

SCHEDULE "B"

Share Award Incentive Plan

(Please see attached.)

SOUTHERN ENERGY CORP.

AMENDED AND RESTATED SHARE AWARD INCENTIVE PLAN

ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of this Plan is to provide directors, officers, employees and consultants of the Company or any of its subsidiaries with the opportunity to acquire Share Awards to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Company's shareholders.

ARTICLE 2 INTERPRETATION

2.1 Definitions

For purposes of the Plan:

- (a) **"Active Employment"** means the period in which a Participant who is an employee of the Company or an affiliate performs work for the Company or an affiliate. For certainty, "Active Employment" shall be deemed to include any period constituting the minimum notice of termination period as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows or ought to have followed the later of the end of the statutory notice period or the Participant's last day of performing work for the Company or an affiliate, whether that period arises from a contractual or common law right;
- (b) **"Active Engagement"** means any period in which a Participant who is not an employee of the Company or an affiliate provides services to the Company or an affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Company or an affiliate, including at common law;
- (c) **"Adjustment Factor"** means the adjustment factor set out in the Award Notice for an award of PSAs;
- (d) **"Applicable Withholding Amount"** is defined in Section 4.8(b);
- (e) **"Award Date"** means a date on which Share Awards are awarded to a Participant in accordance with Section 4.1;
- (f) **"Award Notice"** means a notice substantially in the form of Schedule A, in the case of RSAs, and substantially in the form of Schedule B, in the case of PSAs, and containing such other terms and conditions relating to an award of Share Awards as the Board may prescribe;
- (g) **"Board"** means the board of directors of the Company or its delegate pursuant to Section 3.1(b);

- (h) **"Blackout Period"** means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any holder of a Share Award.
- (i) **"Cause"** means any grounds at common law for which an employer is entitled to dismiss an employee without notice or pay in lieu of notice, and includes, without limitation, the following:
 - (i) the Participant's breach of a material term of his or her employment agreement or employment, as applicable;
 - (ii) the Participant's repeated and demonstrated failure to perform the Participant's material duties of his or her position in a competent manner;
 - (iii) the conviction of the Participant for a criminal offence involving fraud or dishonesty, or which otherwise adversely impacts the reputation of the Company;
 - (iv) the Participant's willful failure to act honestly and in the best interests of the Company;
 - (v) the Participant's breach of his or her fiduciary duties, as applicable;
 - (vi) any actions or omissions on the part of the Participant constituting gross misconduct or
 - (vii) gross negligence resulting in material harm to the Company or which otherwise adversely impacts the reputation of the Company in a material nature;
- (j) **"Change of Control"** means and shall be deemed to have occurred upon the happening of any of the following events:
 - (i) the acceptance by the holders of Shares, representing in aggregate, more than 50% of all issued Shares of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares;
 - (ii) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired) directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares, if any, representing (assuming the full exercise of such rights to Shares) more than 50% of the combined voting rights of the Company's then outstanding Shares;
 - (iii) the entering into of any agreement by the Company to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; provided that no change of control shall be deemed to have occurred if (A) the transaction contemplated by such agreement referred to herein is not completed; or (B) upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;

- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation winding up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and where the shareholdings remain substantially the same following the re-arrangement);
- (v) individuals who were members of the Board immediately prior to a meeting of shareholders of the Company involving a contest for or an item of business relating to the election of directors, do not constitute a majority of the Board following such contest or election;
- (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) and referred to above; or
- (vii) a determination by the Board, acting in good faith, that a change of control has occurred for the purpose of this clause.

For purposes of this Plan, the Board may, by resolution, clarify the date as of which a Change of Control shall be deemed to have occurred.

- (k) "**Committee**" means the Corporate Governance and Compensation Committee of the Board or such other Committee of the Board as may be appointed by the Board to administer the Plan;
- (l) "**Company**" means Southern Energy Corp. and its successors and assigns;
- (m) "**Disability**" means the permanent and total incapacity of a Participant as determined by the Board for purposes of this Plan;
- (n) "**Distribution Date**" means the date determined in accordance with Sections 4.6 or 4.12, as applicable;
- (o) "**Dividend Equivalent**" means a bookkeeping entry whereby each Share Award is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.5;
- (p) "**Dividend Market Value**" means the VWAP of the Shares on the Exchange for the five (5) trading days immediately following the dividend record date for the payment of any dividend made on the Shares;
- (q) "**Eligible Person**" means a Person entitled to receive Share Awards in accordance with Section 3.3;
- (r) "**Exchange**" means the TSX Venture Exchange and any successor thereof or, if the Shares are not then listed and posted for trading on the facilities of the TSX Venture Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;

- (s) **"Exchange Policies"** means, collectively, Policy 4.4 of the TSXV entitled "Security Based Compensation", Policy 1.1 of the TSXV entitled "Interpretation" and any other policies of the TSXV applicable to Security-Based Compensation Arrangements;
- (t) **"Exercise Notice"** mean a notice substantially in the form of Schedule C;
- (u) **"Final Date"** is defined in Section 4.6(b)
- (v) **"Insider"** means an insider as defined in the policies of the Exchange;
- (w) **"Non-Employee Director"** means a director of the Company who is not an officer or employee of the Company or a subsidiary;
- (x) **"Participant"** means an Eligible Person who has been awarded Share Awards under the Plan or to whom Share Awards have been transferred in accordance with the Plan;
- (y) **"Payment Shares"** is defined in Section 4.8(a);
- (z) **"Performance Measures"** means, for any period, the performance measures to be taken into consideration in granting PSAs and determining the Adjustment Factor in respect of any PSA, which measures shall be established by the Board in its discretion at the time of the grant of the PSA and which may include, without limitation, the total shareholder return of the Shares compared to an index, subindex or identified group of peers and the Company's performance compared to identified operational or financial targets;
- (aa) **"Performance Share Award" or "PSA"** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry on the books of the Company in accordance with Article 4, based on the achievement of the performance criteria set out in the applicable Award Notice;
- (bb) **"Permitted Assign"** means, with respect to any Participant:
 - (i) a trustee, custodian or administrator acting on behalf of, or for the benefit of, the Participant, or
 - (ii) a holding entity of the Participant.
- (cc) **"Person"** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (dd) **"Plan"** means this Share Award Incentive Plan as amended, restated, supplemented or otherwise modified from time to time;
- (ee) **"Restricted Share Award" or "RSA"** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry on the books of the Company in accordance with Article 4;

- (ff) **"Retirement"** means the retirement of a Participant who has greater than or equal to five (5) years of service to the Company or its subsidiaries and is older than sixty (60) years of age or as otherwise approved by the Board;
- (gg) **"Security Based Compensation Arrangement"** means any share rights incentive plan, share option, share option plan, employee share purchase plan in existence from time to time where the Company provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Company's treasury, including a share purchase from treasury which is financially assisted by the Company by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Company's treasury;
- (hh) **"Settlement Market Value"** per Share means the VWAP on the Exchange for the five trading days immediately preceding the Distribution Date;
- (ii) **"Share"** means a common share of the Company or, in the event of an adjustment contemplated by Section 4.13, such number or type of securities as the Board may determine;
- (jj) **"Share Award"** means a PSA or an RSA, as applicable;
- (kk) **"Termination Date"** means, in respect of a Participant, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Company or an affiliate, whether such date is selected by the Participant, by mutual agreement between the Company or an affiliate and the Participant, or unilaterally by the Company or an affiliate;
- (ll) **"U.S. Taxpayer"** means a Participant who is a U.S. citizen, U.S. permanent resident or U.S. tax resident for the purposes of the U.S. Internal Revenue Code (the "**Code**") or a Participant for whom the award of Share Awards under this Plan would otherwise be subject to U.S. taxation under the United States Internal Revenue Code. A Participant shall be considered a U.S. taxpayer solely to the extent such Participant's Share Awards are subject to U.S. taxation; and
- (mm) **"Vesting Date"** is defined in Section 4.2.
- (nn) **"VWAP"** means the volume weighted average trading price of the listed Shares, calculated by dividing the total value by the total volume of Shares traded for the relevant period.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including, without limitation, "Consultant" and "Investor Relations Activities".

2.2 Certain Rules of Interpretation

- (a) Whenever the Board or, where applicable, the Committee or any sub-delegate of the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term "discretion" means the sole and absolute discretion of the Board or the Committee or the sub-delegate of the Committee, as the case may be.

- (b) As used herein, the terms "Article" and "Section" mean and refer to the specified Article or Section of this Plan.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, all references to money amounts are to Canadian currency.

ARTICLE 3 ADMINISTRATION

3.1 Administration of the Plan

- (a) This Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Company and on all Eligible Persons, Participants, Permitted Assigns and all other Persons.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to the Committee, on such terms as it considers appropriate, all or any of the powers, duties and functions relating to the granting of Share Awards and the administration of the Plan, including the power to sub-delegate, to the extent permitted by applicable law, to any specified officer of the Company all or any of the powers delegated to the Committee. Any decision made or action taken by the Committee or the specified officer arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on the Company, the Participants and all other Persons.

3.2 Determination of Value if Shares Not Publicly Traded

If the Shares are not publicly traded on the Exchange at the relevant time such that the Dividend Market Value and/or the Settlement Market Value cannot be determined in accordance herein, such value shall be determined by the Board acting in good faith.

3.3 Eligibility

Share Awards shall be granted only to persons (each, an "**Eligible Person**") who are directors, officers, employees, or consultants of the Company or a subsidiary of the Company as the Board determines should receive Share Awards in accordance with the applicable laws and the policies and rules of the Exchange. Notwithstanding the foregoing, Non-Employee Directors are not eligible to be awarded PSAs and are only eligible to be awarded RSAs under the Plan.

The Board reserves the right to restrict eligibility or otherwise limit the number of Persons eligible for participation in the Plan at any time. Eligibility to participate does not confer upon any individual a right to receive an award of Share Awards pursuant to the Plan.

3.4 Total Shares Subject to Share Awards

Unless otherwise approved by the Exchange and the shareholders of the Company:

- (a) the securities that may be issued to Participants pursuant to this Plan shall consist of those authorized but unissued Shares which the Board and/or Committee has, in its discretion, reserved and approved for issuance under the Plan from time to time;
- (b) subject to Section 4.13, the aggregate number of Shares that may be issuable pursuant to the Plan shall not exceed 13,900,000 Shares (being equal to approximately 9.99% of the number of Shares issued and outstanding as at May 1, 2023);
- (c) the Board shall not grant Share Awards under the Plan if the number of Shares issuable pursuant to outstanding Share Awards, when combined with the number of Shares issuable pursuant to outstanding stock options granted under the Company's stock option plan and outstanding securities under any other Security Based Compensation Arrangements of the Company, would exceed 10% of the issued and outstanding Shares at the time of the grant;
- (d) the number of securities issuable to Insiders (as a group) of the Company, at any time, under all Security Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 10% of the issued and outstanding securities of the Company at the time of grant calculated on a non-diluted basis, unless disinterested Shareholder approval is obtained;
- (e) the number of securities issued to Insiders (as a group) of the Company, within any one-year period, under all Security Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 10% of the issued and outstanding securities of the Company at the time of grant calculated on a non-diluted basis, unless disinterested Shareholder approval is obtained;
- (f) the aggregate: (i) number of Shares that may be reserved for issuance pursuant to the exercise of RSAs granted to Non-Management Directors pursuant to this Plan shall not exceed 1.0% of the Shares outstanding from time to time; and (ii) value of RSAs granted to any one Non-Employee Director in any calendar year under the Plan and under any other Security Based Compensation Arrangements shall not exceed \$150,000;
- (g) the number of securities issued to any one Participant and such Participant's associates, within any one-year period, under all Security Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 5% of the issued and outstanding Shares at the time of the grant, unless disinterested shareholder approval is obtained;
- (h) the number of securities issued to any one Consultant, within any one-year period, under all Security-Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 2% of the issued and outstanding Shares at the time of the grant;
- (i) no securities shall be issued to any Participants who are employees engaged in Investor Relation Activities under this Plan;
- (j) to the extent Share Awards are exercised or to the extent any Share Awards are terminated for any reason or are cancelled, the Shares subject to such Share Awards shall be added back to the number of Shares reserved for issuance under the Plan

and such Shares will again become available for Share Award grants under the Plan;
and

- (k) if the acquisition of Shares by the Company for cancellation should result in any of the above tests no longer being met, this shall not constitute non-compliance with this Section 3.4 for any awards outstanding prior to such purchase of Shares for cancellation.

For purposes of the calculations in this Section 3.4 only, it shall be assumed that all issued and outstanding Share Awards will be settled by the issuance of Shares from treasury, notwithstanding that, pursuant to Section 4.7, Share Awards may be settled in cash or by purchasing Shares on the open market.

3.5 Participant's Agreement to be Bound

- (a) Participation in the Plan is entirely voluntary and is at the discretion of the Eligible Person, and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. Should any Eligible Person elect to participate in the Plan by electing to receive Share Awards through delivery of an acknowledgement in the manner specified in Section 3.5(b) or otherwise, such acknowledgement shall be construed as acceptance by the Eligible Person, of the terms and conditions of the Plan, and all rules and procedures adopted hereunder, as amended, assigned or assumed from time to time in accordance with the terms hereof.
- (b) In order to participate in the Plan, an Eligible Person shall acknowledge each Award Notice and such other matters as deemed necessary by the Committee, in its sole discretion, including those matters specified in Schedule A or Schedule B, as applicable, by delivering their countersigned acknowledgement on the Award Notice.

ARTICLE 4 AWARD OF SHARE AWARDS

4.1 Award of Share Awards

- (a) Subject to the provisions of the Plan and such other terms and conditions as the Committee or the Board may prescribe, the Committee may, from time to time grant Share Awards to any Eligible Person. Upon receipt of an acknowledgement in the manner specified in Section 3.5, Share Awards shall be credited to an account maintained for each Participant on the books of the Company, effective as of the Award Date for that grant. The number of Share Awards (including fractional Share Awards) to be credited as of the Award Date shall be determined by the Committee in its sole discretion.
- (b) Participants may be selected and awards may be made at any time. Participants need not be selected and awards need not be made at the same time by the Committee. Any award made to a Participant shall not obligate the Committee to make any subsequent awards to that Participant. The award of Share Awards in any year to any Eligible Person is intended to be in the nature of a bonus for services rendered or to be rendered in respect of or over any specified period.

4.2 Vesting Period

Each Share Award will vest on such terms as shall be specified by the Board or Committee at the time of granting an award of Share Awards as reflected in the Award Notice, except as otherwise provided in this Plan. Unless otherwise stipulated by the Board at the time of grant and subject to earlier vesting in accordance with the terms of this Plan:

- (a) RSAs granted hereunder shall vest as to 33 1/3% on each of the first, second and third anniversaries of the Award Date applicable to such RSAs; and
- (b) Subject to Section 4.6(b), PSAs granted hereunder shall vest on the third anniversary of the Award Date (each applicable date, a “**Vesting Date**”).

4.3 Performance Vesting

Prior to the Vesting Date in respect of any PSA, the Board or Committee shall assess the performance of the Company for the applicable period. The weighting of the individual measures comprising the Performance Measures shall be determined by the Board or Committee, as applicable, in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of all Performance Measures, the Board or Committee shall determine the Adjustment Factor for the applicable period in its sole discretion. The applicable Adjustment Factor may be between a minimum of zero and such maximum as determined by the Board or Committee (provided such maximum shall not exceed 2.0).

4.4 Award Notice

All awards of Share Awards under Section 4.1 of this Plan will be evidenced by an Award Notice. Such Award Notice will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Board or Committee may direct. Any one officer of the Company is authorized and empowered to execute and deliver, for and on behalf of the Company, an Award Notice to a Participant once the Board or Committee has approved the grant of Share Awards to that particular Eligible Person.

4.5 Credits for Dividends

Unless otherwise determined by the Board in its sole discretion, in the event that the Company pays a normal cash dividend on the Shares, a Participant's account shall be credited with Dividend Equivalents in the form of additional Share Awards as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such Dividend Equivalents shall be computed by dividing: (a) the product of (i) the amount of the dividend declared and paid per Share, multiplied by (ii) the number of Share Awards recorded in the Participant's account on the record date for the payment of such dividend; by (b) the Dividend Market Value, with fractions computed to three decimal places. Any additional Share Awards resulting from such Dividend Equivalents shall have the same vesting schedule and Distribution Date as the Share Awards to which they relate. The foregoing does not require the Company to pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation. If the Company does not have a sufficient number of Shares issuable under the Plan to satisfy its obligations in respect of the Dividend Equivalents, the Company may make payment of such amount in cash (such amount being equal to the Dividend Market Value on the Distribution Date).

4.6 Distribution Date of Awards

- (a) Unless otherwise determined by the Board in its sole discretion, the date of settlement of any Share Award (a "**Distribution Date**") shall be the applicable Vesting Date for such Share Award established pursuant to Section 4.2; provided that, for greater certainty, the Board may in its sole discretion impose additional or different conditions to the determination of the Distribution Date of any Share Award.
- (b) Notwithstanding anything to the contrary in this Plan, no Distribution Date in respect of any Share Award may occur after the earlier of: (i) the thirtieth day after the Participant ceases to be eligible to participate under the Plan (including for the reasons described in Sections 4.9, 4.10, 4.11 and 4.12); or (ii) December 31 of the third year following the year in which the Participant performed the services to which such Share Awards relate (the earlier of the two being the "**Final Date**").
- (c) Notwithstanding anything to the contrary in this Section, with respect to any Share Awards awarded to a Participant who is a U.S. Taxpayer, the Distribution Date shall be the applicable Vesting Date established pursuant to Section 4.2.

4.7 Settlement of Share Awards

- (a) At any time after the applicable Vesting Date but prior to the Distribution Date, a Participant who is not a U.S. Taxpayer shall be entitled to deliver to the Company an Exercise Notice requesting that all of such Participant's Share Awards be settled in Shares, the number of which shall be determined to be (i) in respect of the RSAs, the product determined by multiplying the number of vested RSAs by the Settlement Market Value **[divided by the market value of the Shares on the Distribution Date]**, and (ii) in respect of the PSAs, the product determined by multiplying the number of vested PSAs by the Settlement Market Value multiplied by the Adjustment Factor **[divided by the market value of the Shares on the Distribution Date]**, in each case net of withholding tax. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Participant's Share Awards requested to be settled by the Participant in exchange for a payment by the Company of a cash amount per Share Award equal to (i) in respect of the RSAs, the product determined by multiplying the number of vested RSAs by the Settlement Market Value, and (ii) in respect of the PSAs, the product determined by multiplying the number of vested PSAs by the Settlement Market Value multiplied by the Adjustment Factor. , in each case net of applicable withholding tax.
- (b) On the Distribution Date, the Board or Committee, as applicable, shall settled the Share Awards in the manner determined pursuant to Section 4.7(a) by either (a) issuing Shares from the treasury of the Company; or (b) by payment of cash, in each case in the amounts so determined pursuant to Section 4.7(a).

4.8 Distribution of Shares

- (a) As soon as practicable after each Distribution Date or on the Final Date (if the Distribution Date is the Final Date), the Company shall issue to the Participant or, if Section 4.12 applies, to the Participant's estate, a number of Shares equal to the number of Share Awards in the Participant's account that became payable on the Distribution Date (the "**Payment Shares**"). As of the Distribution Date, the Share Awards in respect of which such Shares are issued or cash is paid shall be cancelled

and no further payments shall be made to the Participant under the Plan in relation to such Share Awards.

- (b) As a condition to the issue of Shares in payment of any Share Awards, the Company may: (i) require that the Participant pay to the Company such amount as the Company is obligated to withhold and remit to the relevant taxing authority in respect of the issuance of the Shares in payment of the Share Awards (the "**Applicable Withholding Amount**"); (ii) withhold the Applicable Withholding Amount from any remuneration or other amount otherwise payable by the Company to the Participant; (iii) withhold and sell such number of Shares which would otherwise be issued upon payment of the Share Awards as necessary to satisfy the withholding and remittance of the Applicable Withholding Amount; or (iv) require that the Participant enter into any other arrangements suitable to the Company to enable the Company to satisfy the Applicable Withholding Amount, including any combination of the foregoing. On or prior to the Distribution Date, the Company shall advise the Participant in writing of any Applicable Withholding Amount required in connection with the issue of Shares in settlement of the Share Awards.

4.9 Resignation or Termination

Subject to any written resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Company or any subsidiaries (as the case may be): (i) for any reason other than resignation, termination with Cause, death or Disability, then all Share Awards granted to the Participant under the Plan that have not yet vested (in accordance with section 4.6) within 90 days after the Termination Date shall terminate without payment and shall be of no further force or effect; and (ii) by reason of resignation or termination with Cause, then all Share Awards granted to the Participant under the Plan that have not yet vested as of the Termination Date shall terminate without payment and shall be of no further force or effect. All grants of Share Awards to US Taxpayers shall be deemed to adjust the 90 day term specified herein to 74 days. For the avoidance of doubt, no period of notice or payment in lieu of notice that is given or that ought to have been given to a Participant under applicable law or contract in respect of the Participant's termination of employment, or in respect of a period after the Participant's last day of actual and active employment shall be considered for the purposes of determining the vesting of Share Awards. A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any Share Awards which would have vested or been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

4.10 Disability

Subject to any express resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Company or any subsidiaries (as the case may be) by reason of Disability: (i) any vested Share Awards held by such Participant under the Plan at the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Company or any subsidiaries as the case may be, shall be automatically settled and the Distribution Date shall be the 90th day after such date; (ii) any unvested Share Awards which shall vest within 90 days after the date such Participant ceases to hold the position shall continue to vest in the manner set forth in the applicable Award Notice for such Share Awards; and (iii) all other unvested Share Awards shall terminate without payment and shall be of no further force or effect.

4.11 Retirement

Subject to any express resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer or employee of the Company or any subsidiaries (as the case

may be) by reason of Retirement, any Share Awards held by such Participant under the Plan at the date such Participant ceases to hold the position or positions of director, officer or employee of the Company or any subsidiaries (as the case may be), shall continue to vest in the manner set forth in the applicable Award Notice for such Share Awards, except, at the discretion of the Board, for any Share Awards which are awarded to such director, officer or employee during the calendar year in which the director, officer or employee retires, all of which Share Awards shall expire.

4.12 Death of Participant Prior to Distribution

Subject to any express resolution passed by the Board or Committee, upon the death of a Participant, any vested Share Awards held by such Participant or any Share Awards which shall vest within one year after the death of the Participant, unless such vesting would occur after the Final Date, in which case the Share Awards shall vest on the Final Date under the Plan shall be automatically settled and the Distribution Date shall be within one year after the death of the Participant and all other unvested Share Awards shall terminate without payment and shall be of no further force or effect.

4.13 Adjustments to Share Awards

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 (other than the payment of dividends in respect of the Shares as contemplated by Section 4.5), the account of each Participant and the Share Awards outstanding under the Plan shall be adjusted in such manner, if any, as the Board may in its discretion, subject to approval by the Exchange, deem appropriate to preserve, proportionally, the interests of Participants under the Plan.

4.14 Change of Control

- (a) Unless otherwise determined by the Board in its sole discretion, immediately prior to a Change of Control, all unvested Share Awards shall become automatically vested where the Change of Control is consummated and the Performance Measures shall take into account, in determination of any Adjustment Factor in respect of any Performance Share Awards, the period up to and including the Change of Control.
- (b) Shares issuable in respect of Share Awards shall be, and shall be deemed to be, issued to Participants effective immediately prior to the completion of the transaction which would result in the Change of Control unless issued prior thereto in accordance with this Plan.

4.15 Discretion to Permit Vesting

Notwithstanding the provisions of Sections 4.2, 4.9, 4.10, 4.11 and 4.12, the Board may, in its sole discretion, at any time prior to or following the events contemplated in such Sections, permit the vesting of any or all Share Awards held by a Participant and the issuance of the Payment Shares or payment of cash in respect of such Share Awards in the manner and on the terms authorized by the Board, provided that: (a) the Board will not, in any case, authorize the vesting of a Share Awards or the issuance of a Payment Share or payment of cash pursuant to this Section beyond the Final Date applicable to the particular Share Award; and (b) other than as set out in Section 4.12 or pursuant to a Change of Control, no Share Awards may vest before the date that is one year following the date such Share Award was granted or issued.

4.16 Blackout Periods

Subject to the rules and regulations of the Exchange, notwithstanding any other provisions of this Plan except Section 4.6(b), if the Distribution Date of any Share Award occurs during or within 10 business days following the end of a Blackout Period, the Distribution Date of such Share Award shall be extended for a period of 10 business days following the end of the Blackout Period (or such longer period as permitted by the Exchange and approved by the Board).

ARTICLE 5 GENERAL

5.1 Amendment, Suspension, or Termination of Plan

- (a) Subject to Sections 5.1(b) and 5.1(c) below and to the rules and policies of the Exchange and applicable law, the Board may, without notice or shareholder approval, at any time or from time to time, amend, suspend or terminate the Plan or awards granted hereunder for any purpose which, in the good faith opinion of the Board, may be expedient or desirable, including making such amendments to the Plan to comply with rules and policies of the Exchange.
- (b) Notwithstanding Section 5.1(a) but subject to 5.1(f), the Board shall not alter or impair any rights or increase any obligations with respect to a Share Award previously granted under the Plan without the consent of the Participant.
- (c) Notwithstanding Section 5.1(a), none of the following amendments shall be made to this Plan or awards granted hereunder without approval of the Exchange (to the extent the Company has any securities listed on such exchange) and the approval of shareholders:
 - (i) amendments to the Plan which would increase the number of securities issuable under the Plan otherwise than in accordance with the terms of this Plan;
 - (ii) amendments to the Plan which would increase the number of securities issuable to Insiders otherwise than in accordance with the terms of this Plan;
 - (iii) amendments that would extend the Distribution Date of any Share Awards held by Insiders beyond the original Final Date of the Share Awards;
 - (iv) the addition of any form of financial assistance to a Participant;
 - (v) amendments to the restriction under Section 5.5 to permit a Participant to transfer any Share Awards to a new beneficial holder other than for estate settlement purposes;
 - (vi) amendments to the limitations under Section 3.4(f) with respect to RSAs that may be granted to Non-Employee Directors; and
 - (vii) amendments to this Section 5.1.

Such amendments shall require the approval of the disinterested holders of the Company's Shares by ordinary resolution.

- (d) If the Board terminates or suspends the Plan, no new Share Awards will be credited to the account of a Participant. Previously credited Share Awards whether or not vested, may, at the Board's election, be accelerated (if unvested) and/or Shares issuable in respect of such Share Awards may be distributed to Participants or may remain outstanding. In the event that a Share Award remains outstanding following a suspension or termination of the Plan, such Share Award shall not be entitled to Dividend Equivalents unless at the time of termination or suspension the Board determines that the entitlement to Dividend Equivalents after termination or during suspension, as applicable, should be continued.
- (e) The Board shall not require the consent of any affected Participant in connection with a termination of the Plan in which the vesting of all Share Awards held by the Participant are accelerated and the Payment Shares are issued to the Participant or cash is paid in respect of all such Share Awards.
- (f) The Plan will terminate on the date upon which no further Share Awards remain outstanding.

5.2 Compliance with Laws/U.S. Tax Matters

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If at any time the Board determines that the listing, registration or qualification of the Shares subject to the Share Award upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body, securities exchange, or the holders of the Shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Share Awards or the issue of Shares thereunder, no such Share Award may be awarded or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

The Share Awards awarded to Participants who are U.S. Taxpayers are intended to be exempt from Section 409A of the United States Internal Revenue Code and the provisions of this Plan shall be interpreted consistent with that intent.

5.3 Reorganization of the Company

The existence of any Share Awards 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.

5.4 Assignment

Rights and obligations under the Plan may be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any company acquiring all or substantially all of the assets or business of the Company.

5.5 Share Awards Non-Transferable

Share Awards are non-assignable and non-transferable except to a Permitted Assign or pursuant to Section 4.12. Certificates representing Share Awards will not be issued by the Company.

5.6 Participation to be Determined by Board; No Additional Rights

The participation of any Participant in the Plan shall be determined by resolution of the Board or the Committee, if such authority is delegated thereto. Nothing in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in this Plan, or to compensation or damages in lieu of participation. The Company does not assume responsibility for the personal income tax liability or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

No person has any right to compensation or damages for any loss in relation to this Plan, including any loss in relation to:

- (a) any loss or reduction of rights or expectations under the Plan in any circumstances (including termination of employment for any reason); and
- (b) any exercise of discretion or a decision taken in relation to a grant of Share Awards or to the Plan, or any failure to exercise discretion or make a decision.

5.7 No Shareholder Rights

Under no circumstances shall Share Awards 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, nor shall any Participant be considered the owner of Shares by virtue of the award of Share Awards. A Participant will acquire rights to Shares in respect of Share Awards only upon the allotment and issuance to the Participant of such Shares in accordance with this Plan.

5.8 Fractions

No fractional Share will be issued pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under this Plan will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional Share so disregarded.

5.9 Unfunded and Unsecured Plan

Unless otherwise determined by the Board, the Plan shall be unfunded and the Company will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Share Awards under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

5.10 Market Fluctuations

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, 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 Participants with respect to the Plan or the Shares whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to accept all risks associated with a decline in the market price of Shares.

5.11 Participant Information

Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer the Plan. Each Participant acknowledges that information required by the Company in order to administer the Plan may be disclosed to other third parties in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Company to make such disclosure on the Participant's behalf.

5.12 Indemnification

Every director of the Company will at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever, including any income tax liability arising from any such indemnification, that such director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the director, otherwise than by the Company, for or in respect of any act done or omitted by the director in respect of administering this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

5.13 Effective Date of the Plan

This Plan shall be effective as of May [1], 2023.

5.14 Governing Law

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.

APPROVED by the Board the [8th] day of May, 2023.

[**APPROVED** by the shareholders of the Company (pursuant to the policies of the Exchange) this [15th] day of June, 2023.]¹

¹ Subject to approval by shareholders at the annual general and special meeting of shareholders of the Corporation being held on June 15, 2023.

**SCHEDULE A
SHARE AWARD INCENTIVE PLAN
FORM OF AWARD NOTICE FOR RESTRICTED SHARE AWARDS**

The Company hereby grants the following award to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this Award Notice, together with the provisions of the Share Award Incentive Plan of the Company (the "**Plan**"):

Name and Address of Participant: _____

Participant IS / IS NOT (select one) a U.S. Taxpayer (as defined in the Plan).

Date of Grant: _____

Total Number of RSAs: _____

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. The Participant acknowledges and agrees that her or she has received the Plan and has read and understands the terms of the Plan and agrees to be bound by the terms and conditions of the Plan and the Award Notice. If the agreement and acknowledgement by the Participant at the end of this Award Notice is not received by the Company within fifteen (15) days of the delivery of this Award Notice, the Company shall not credit any RSAs to the Participant's account, unless waived by the Committee, in its sole discretion.
3. Subject to any acceleration in vesting as provided in the Plan, each RSA vests as follows:

[1/3]	[First anniversary of the Date of Grant]
[1/3]	[Second anniversary of the Date of Grant]
[1/3]	[Third anniversary of the Date of Grant]

4. No fractional Share will be issued upon exercise of a vested RSA pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under the Plan will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional Share so disregarded.
5. Each notice relating to an award of RSAs, including the acknowledgement in this Award Notice, must be in writing and signed by the Participant or the Participant's legal representative. All notices to the Company must be delivered to the Chief Financial Officer of the Company. Any notice given by either the Participant or the Company is not binding on the recipient thereof until received.
6. When the issuance of Shares upon exercise of vested RSAs may, in the opinion of the Company, conflict or be inconsistent with any applicable law or any regulations of any regulatory authority having jurisdiction, the Company reserves the right to refuse to issue such Shares for so long as such conflict or inconsistency remains outstanding.
7. As a condition to settling the RSAs in accordance with the Plan, the Company has the right to withhold all applicable taxes. The Company does not assume responsibility for the personal

income or other tax consequences of the Participant and has advised the Participant to consult with its own tax advisor.

8. Participant's rights in respect of the RSAs are conditioned on the receipt to the full satisfaction of the Committee of any required consents or documentation that the Committee may determine to be necessary or advisable to administer the Plan.
9. The Company may affix to certificates for Shares issued pursuant to this Award Notice any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under any applicable securities laws) and may advise the transfer agent to place a stop order against any legended Shares.
10. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with RSAs under this Award Notice, and its determination shall be final, binding and conclusive.
11. The Company and the Participant represent that the Participant is a director, officer or *bona fide* employee or consultant of the Company, as applicable.
12. For absolute certainty, by accepting and executing this Notice, the Participant specifically represents, warrants and acknowledges that he or she has read and understood the terms and conditions set out in 5.6 of the Plan which (i) state that a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any RSAs which would have vested or been granted after their Termination Date including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of contractual or common law reasonable notice that exceeds the Participant's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating a Participant's entitlement under the Plan. By accepting and executing this Notice, the Participant further waives any eligibility to receive damages or payment in lieu of any forfeited RSAs under the Plan that would have vested or accrued during any contractual or common law reasonable notice period that exceeds a Participant's minimum statutory notice period under the applicable employment standards legislation (if any).
13. By signing below, I acknowledge that I have received a copy of the Plan and that my execution of the Notice is done freely and voluntarily, without inducement or duress, having had an opportunity to review, make inquiries, and seek independent legal advice as to the terms and conditions of the Notice and the Plan.

SOUTHERN ENERGY CORP.

By: _____
Authorized Signatory

Agreed to and Acknowledged by the Participant, this ____ day of _____, 20 ____.

Name: **[Insert name of Participant]**

SCHEDULE B
SHARE AWARD INCENTIVE PLAN
FORM OF AWARD NOTICE FOR PERFORMANCE SHARE AWARDS

The Company hereby grants the following award to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this Award Notice, together with the provisions of the Share Award Incentive Plan of the Company (the "**Plan**"):

Name and Address of Participant: _____

Participant IS / IS NOT (select one) a U.S. Taxpayer (as defined in the Plan).

Date of Grant: _____

Total Number of PSAs: _____

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. The Participant acknowledges and agrees that he or she has received the Plan and has read and understands the terms of the Plan and agrees to be bound by the terms and conditions of the Plan and the Award Notice. If the agreement and acknowledgement by the Participant at the end of this Award Notice is not received by the Company within 15 days of the delivery of this Award Notice, the Company shall not credit any PSAs to the Participant's account, unless waived by the Committee, in its sole discretion.
3. Subject to any acceleration in vesting as provided in the Plan, each PSA vests **[on the third anniversary of the date of grant]**.
4. The Adjustment Factor for the PSAs is determined as follows:

[●]
5. The Adjustment Factor for performance between the numbers set out above is interpolated on a straight line basis.
6. No fractional Share will be issued upon exercise of a vested PSA pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under the Plan will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional Share so disregarded.
7. Each notice relating to an award of PSAs, including the acknowledgement in this Award Notice, must be in writing and signed by the Participant or the Participant's legal representative. All notices to the Company must be delivered to the Chief Financial Officer of the Company. Any notice given by either the Participant or the Company is not binding on the recipient thereof until received.
8. When the issuance of Shares upon the vesting of PSAs may, in the opinion of the Company, conflict or be inconsistent with any applicable law or any regulations of any regulatory authority having jurisdiction, the Company reserves the right to refuse to issue such Shares for so long as such conflict or inconsistency remains outstanding.

9. As a condition to settling the PSAs in accordance with the Plan, the Company has the right to withhold all applicable taxes. The Company does not assume responsibility for the personal income or other tax consequences of the Participant and has advised the Participant to consult with its own tax advisor.
10. Participant's rights in respect of the PSAs are conditioned on the receipt to the full satisfaction of the Committee of any required consents or documentation that the Committee may determine to be necessary or advisable to administer the Plan.
11. The Company may affix to certificates for Shares issued pursuant to this Award Notice any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under any applicable securities laws) and may advise the transfer agent to place a stop order against any legended Shares.
12. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with PSAs under this Award Notice, and its determination shall be final, binding and conclusive.
13. The Company and the Participant represent that the Participant is a director, officer or *bona fide* employee or consultant of the Company, as applicable.
14. For absolute certainty, by accepting and executing this Notice, the Participant specifically represents, warrants and acknowledges that he or she has read and understood the terms and conditions set out in 5.6 of the Plan which (i) state that a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any PSAs which would have vested or been granted after their Termination Date including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of contractual or common law reasonable notice that exceeds the Participant's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating a Participant's entitlement under the Plan. By accepting and executing this Notice, the Participant further waives any eligibility to receive damages or payment in lieu of any forfeited PSAs under the Plan that would have vested or accrued during any contractual or common law reasonable notice period that exceeds a Participant's minimum statutory notice period under the applicable employment standards legislation (if any).
15. By signing below, I acknowledge that I have received a copy of the Plan and that my execution of the Notice is done freely and voluntarily, without inducement or duress, having had an opportunity to review, make inquiries, and seek independent legal advice as to the terms and conditions of the Notice and the Plan.

SOUTHERN ENERGY CORP.

By: _____
Authorized Signatory

Agreed to and Acknowledged by the Participant, this ____ day of _____, 20 ____.

Name: **[Insert name of Participant]**

**SCHEDULE C
SHARE AWARD INCENTIVE PLAN
EXERCISE NOTICE**

To: Southern Energy Corp. (the "**Corporation**")

Pursuant to the Corporation's Share Award Incentive Plan (the "**Plan**"), the undersigned hereby elects to settle:

- _____ of the undersigned's Performance Share Awards; and
- _____ of the undersigned's Restricted Share Awards

on this ___ day of _____, _____,

to be settled, net of applicable withholding tax, in Shares, subject to the Company's right to settle by payment of cash, net of applicable withholding tax

and the undersigned hereby notifies the Corporation that it is requesting the Distribution Date to be _____, 20____.

All capitalized terms not defined in this Exercise Notice have the meaning set out in the Plan.

No cash or other compensation shall at any time be paid in respect of any Share Awards which have been forfeited or terminated under the Plan or on account of damages relating to any Share Awards which have been forfeited or terminated under the Plan.

The undersigned understands and agrees that the granting and redemption of these Share Awards are subject to the terms and conditions of the Plan which are incorporated into and form a part of this Exercise Notice.

Name: **[Insert name of Participant]**