

MANAGEMENT INFORMATION CIRCULAR

NOTICE OF ANNUAL & SPECIAL MEETING
OF SHAREHOLDERS — JUNE 17, 2020



MEG ENERGY
Sustainable. Innovative. Responsible.

We encourage you to carefully review the enclosed information about MEG and our Annual & Special Meeting of Shareholders. YOUR VOTE MATTERS!

ITEMS TO BE VOTED ON

- ELECTION OF DIRECTORS
- APPOINTMENT OF AUDITOR
- CONTINUATION OF SHAREHOLDER RIGHTS PLAN
- SAY ON PAY

THE 2020 ANNUAL & SPECIAL
MEETING OF SHAREHOLDERS

JUNE
17
2020

3PM

MDT

VIRTUAL AGM
TO REGISTER AND JOIN GO TO:
[WEB.LUMIAGM.COM/160406352](https://web.lumiagm.com/160406352)

ABOUT MEG

We are an energy company focused on **sustainable** *in situ* thermal oil production in the southern Athabasca region of Alberta, Canada. MEG transports and sells its thermal oil production to refiners throughout North America and internationally.

With proven, proprietary **innovative** technologies, we are dramatically reducing our energy and water use, capital and operating costs and greenhouse gas intensity. MEG is actively developing enhanced oil recovery projects that utilize steam-assisted gravity drainage (“SAGD”) extraction methods to improve the economic recovery of oil as well as lower carbon emissions.

MEG is proud to be part of a vital industry promoting **responsible** resource development and fuelling our economy. We are a talented team that is passionate to be part of the energy transition, and whose purpose is to be the last ethically, environmentally and economically produced barrel of oil.

	S U S T A I N A B L E	R E S P O N S I B L E	I N N O V A T I V E
2019 LOOK BACK	Disciplined capital investment focused on a strong balance sheet	Inaugural Environmental, Social and Governance (ESG) report released outlining MEG's approach to sustainability	Ongoing technology investment to improve returns & lowered greenhouse gas (GHG) intensity 20% below <i>in situ</i> industry average
	Maximized free cash flow, while working within mandatory government production curtailment	Successfully reduced debt by \$500 million to achieve significant cost savings for the business	50% improvement in well pad land use and zero surface or fresh water used in thermal operations
2020 LOOK FORWARD	Preserving financial liquidity and strengthening balance sheet	In response to COVID-19, expanded employee health, safety and pandemic measures	Maintaining business plan flexibility
	Extending maturities on long-term debt for future stability	Prioritizing diversity and inclusion	Long term carbon neutral and net zero GHG objectives

CANADIAN ENERGY PRODUCERS ARE AMONG THE MOST RESPONSIBLE IN THE WORLD; MEG IS A LEADER IN ENVIRONMENTAL PERFORMANCE WITHIN THE SECTOR

OUR VALUES

**MEG
CORE**

Be the *Example*
★★★★★★★★★★★★★★★★

Connect

with each other



COLLECTIVE
STRENGTH



ACCEPT THE
CHALLENGE

THINK
BIG PICTURE



ESG HIGHLIGHTS

HEALTH & SAFETY

- MEG's goal is for all workers to return home safely to their families each day; there were no employee lost time incidents at our Christina Lake Facility in 2019

GREENHOUSE GAS EMISSIONS

- Steam-oil ratio and GHG emissions intensity more than 20% below *in situ* industry average

WATER

- Zero surface or fresh water used in MEG's thermal operations

LAND USE

- SAGD developments require ~75% fewer wells to sustain long-term production versus a comparable tight oil project, driving down costs and surface disturbance
- MEG has improved well pad land use by more than 50% to date

COMMUNITIES

- Over \$50M spent on regional and Indigenous businesses to promote economic growth and development in our region

MEG'S APPROACH TO SUSTAINABILITY

At MEG, sustainability means providing energy to the world in a responsible manner that integrates economic, environmental and social considerations. We work to balance short and long-term interests and improve Shareholder return.

Our inherent sustainability advantages as a company include a large resource base, low production decline and a low sustaining cost. The localized nature of MEG's asset permits MEG to economically develop the resource while minimizing environmental impacts. The longevity of an *in situ* project supports strong partnerships with nearby local and Indigenous communities for decades to come.

MEG is committed to going above and beyond these inherent advantages to provide cleaner energy while maintaining economic competitiveness. We leverage our innovative technology to prioritize safety, minimize our impact on the environment and climate change, and are committed to an inclusive and diverse workforce.

In 2019 we took many steps to further our commitments to ESG, including:

- ESG topics were integrated into MEG's Enterprise Risk Management ("ERM") system, providing risks and opportunities for the Board of Directors (Board) to evaluate
- Continued development of ESG Governance structure with full Board engagement and oversight
- Expanded social and environmental performance targets which impact executive and employee compensation
- An aspirational goal was set to achieve net zero GHG emissions
- Release of MEG's inaugural ESG report

In 2020, MEG will further integrate ESG practices throughout the business, continue to monitor and manage risks and drive more impactful ESG disclosure.



GOVERNANCE: OUR APPROACH

MEG is committed to delivering value to all its stakeholders, which include Shareholders, employees and community partners.

Our plan for following through on this commitment relies on a foundation of strong corporate governance which prioritizes transparency, accountability, ethical conduct and respect in the workplace.

ACCOUNTABILITY

The responsibility for charting MEG's course rests with our Board.

Our Board is comprised of leaders in the community who bring diverse backgrounds and varied skill sets to the task of stewardship of the Corporation with the ultimate goals of:

- Preserving and enhancing long-term Shareholder value
- Confirming the strategic direction of the Corporation, including anticipating, managing and mitigating risks
- Confirming that the Corporation's operations are undertaken in an ethical, safe and reliable manner
- Governing the Corporation to set high environmental standards and confirming its operations are conducted in compliance with all laws and regulations

The Board is focused on achieving its goals with integrity while also taking into consideration the interests of a broad range of stakeholders in addition to Shareholders, such as employees, customers, suppliers and community neighbours and partners.

The Board meets with multiple levels of management and has access to senior management on a regular basis. The Board relies on the support of four Committees, including:



ACCOUNTABILITY CONTINUED

All four Committees oversee some part of the Environmental, Social and Governance aspects of our business.

To ensure independence of the Board and its Committees, the Board requires that at each Board or Committee meeting the members have the opportunity to meet *in-camera*, without management present.

THE GOVERNANCE & NOMINATING COMMITTEE (GNC) HAS BEEN VERY ACTIVE IN RECENT YEARS IN PROMOTING GOVERNANCE BEST PRACTICES WITHIN THE CORPORATION:

2015 Introduced a Diversity Policy to recognize the value that all forms of diversity bring to the organization. The Diversity Policy was amended in 2019 to require that females and males each represent at least 20% of directors with a goal of reaching 30% following the Corporation's annual general meeting in 2020 and maintaining those levels of diversity as a threshold on the Board in the future.

2016 Introduced a "Say on Pay" vote at the Corporation's annual general meeting, giving Shareholders the ability to express their approval of, or concerns with, the Corporation's pay practices. The 2018 "Say on Pay" vote passed with 93.07% in favour, and the 2019 "Say on Pay" vote passed with 85.41% in favour.

2018 The Board adopted a Tenure Policy which requires a deemed resignation of any non-management director following the first to occur of: (i) the director reaching the age of 72 years; and (ii) the director having served as a director of the Corporation for 10 years. Following a deemed resignation, the GNC makes a recommendation to the Board as to whether or not to accept the resignation, taking into consideration whether the continued service of the director would be in the best interests of the Corporation in light of his/her skills, experience and knowledge of the Corporation's business.

2019 Following a stakeholder engagement process, the Board underwent a renewal process to address upcoming Board vacancies and to ensure that the Board continued to have the necessary skill sets to guide the Corporation towards satisfaction of its strategic objectives. Through this renewal process, the Board was able to enhance the diversity of the skill sets of its members and it achieved the immediate goal under the Diversity Policy of a minimum of 20% representation by males and females.

2020 Following the 2020 annual and special meeting and thereafter, if the Corporation's proposed nominees are elected, the Board will have achieved gender diversity levels with females and males each representing 30% of the Board. In addition, the Board will have achieved 50% renewal since 2018.

EXECUTIVE COMPENSATION

MEG's model of executive compensation is tied to corporate performance in a number of ways, including performance on key health, safety and ESG metrics.

The Compensation Committee assists the Board in fulfilling its stewardship with respect to developing compensation strategies and practices as well as the implementation and management of those strategies and practices.



EXECUTIVE & BOARD COMPENSATION HIGHLIGHTS

REDUCED COMPENSATION COSTS

- Reduced executive headcount by 43%
- Reduced G&A by 18% from 2018 to 2019
- Applied a discretionary reduction of 10 points to corporate performance, reducing short-term incentive payouts

ENHANCED CEO PAY FOR PERFORMANCE

- Adopted CEO personal objectives
- Weighted CEO individual performance 20% in Short-term Incentive Plan

INCREASED SHARE OWNERSHIP GUIDELINES FOR EXECUTIVES AND BOARD OF DIRECTORS

- Implemented Share Ownership Guidelines for all executives in 2019 (5.0x salary for CEO, 3.0x salary for CFO/COO/SVPs, 2.0x salary for VPs)
- The Board adopted increased Share Ownership Guidelines for directors, resulting in a five-fold increase in the required share ownership levels

LINKED ESG PRIORITIES TO COMPENSATION

- Increased weighting on ESG measures in 2020 Scorecard
- Set more aggressive measures for GHG Intensity and Reportable Spill Intensity















































































FOCUS ON SUSTAINABILITY OF LONG-TERM INCENTIVE PROGRAM

- Introduced double-trigger LTI change of control in 2019
- Reduced the share reserve for equity plans from 6% to 5% in 2019
- Granted 10/12ths LTI Awards in 2019 (17% reduction)
- Reduced 2020 LTI Awards by 20%
- Eliminated stock options from the 2020 LTI Mix

SKILLS ASSESSMENT & NOMINATION

The GNC, which is composed entirely of independent directors, is responsible for ensuring that the composition of the Board and its Committees meets the requirements of the Corporation. The GNC annually reviews the skills and expertise it determines are required in order for the Board to provide effective governance and, prior to making its recommendations to the Board, assesses how those needs

are met by the nominees. The table below summarizes information from the GNC's most recent review which was used to develop the recommendations for 2019, and also includes the skills and expertise of the proposed nominees for election as directors:

	BUSINESS EXPERIENCE & KNOWLEDGE					POLITICAL, PUBLIC & REGULATORY		OIL & GAS TECHNICAL EXPERIENCE	
	Financial Literacy	Strategy, managing or leading growth	Sectors outside of oil & gas	Executive experience in a large company	Canadian Corporate Governance	Political, Public & Regulatory	Environmental, Social & Governance (ESG)	Upstream Operations	Midstream/ Downstream Operations
G. Billing									
I. Bruce									
D. Evans									
J. Fairburn									
R. Hodgins									
B. Klesse									
S. MacKenzie									
J. McCaig									
J. McFarland									
D. McQueen									
TOTAL (out of 10)	10	10	8	10	9	10	10	6	6

GENDER DIVERSITY

MEG recognizes the benefits of diversity with respect to the makeup of the Board, and the promotion or hiring of individuals into executive officer and other management positions (both of which are “Leadership Roles”). The Board has adopted a formal policy that encourages gender (and other forms of) diversity in Leadership Roles (the “Diversity Policy”). The Diversity Policy was recently

amended to require that females and males each represent at least 20% of directors following the Meeting and a goal of reaching 30% following the annual general meeting in 2020, and to thereafter maintain such minimum levels of gender diversity among the Board.

A summary of the Corporation’s current gender distribution, number and percentage is as follows:

TITLE	# OF WOMEN	% OF WOMEN
INTERNAL DIRECTOR ⁽¹⁾	4	31%
EXECUTIVE	0	0%
BOARD ^{(2) (3)}	3	30%

NOTES:

(1) An internal “director” is a senior management level position within the Corporation’s organization which falls immediately below the position of Vice President.

(2) Members of The Board of Directors.

(3) Based on ten director nominees standing for election at the Meeting.

TO OUR FELLOW SHAREHOLDERS

The past few months have delivered unprecedented challenges. I think it is fair to say we haven't experienced a time like this in recent history. The COVID pandemic, associated demand destruction and resulting impact on oil prices has created real challenges to the health and safety of our employees and to the short-term viability of our business.

I am very proud of how quickly MEG responded to the COVID-19 global pandemic in March, and how we are continually monitoring the rapidly evolving situation.

MEG remains committed to the health and safety of all personnel, and to the safety and continuity of operations. At this time, only essential staff are working at our sites and offices in accordance with social distancing measures, with the vast majority working from home. We are taking measures to ensure the safety of all our employees by following the guidance of provincial and federal health officials, mandatory self-quarantine policies, travel restrictions, screening and enhanced cleaning and sanitation practices.

On the operational side of the business we have reacted quickly and remain well positioned to weather the unprecedented demand shock in the global oil markets driven by this crisis. MEG benefits from not only our significant 2020 hedge book, the term and structure of our outstanding indebtedness and credit facility, but also from the low decline, low cost structure of our high-quality Christina Lake asset.

We have put additional measures in place to further respond to these challenges in the short-term and operate the business going forward. We have taken steps to review expenses related to capital programs, production guidance, compensation programs, organizational structure and how to live within our means no matter the price environment.

I am confident that MEG has the tools and people in place to emerge stronger and better on the other side of this crisis.

2019 Look Back

Looking back, this past year was one of organizational renewal here at MEG. We made significant strides in our commitment to strengthen the balance sheet and provide flexibility to react to market conditions and enhance Shareholder value.

DEBT REDUCTION AND FINANCIAL LIQUIDITY

As we entered 2019, we stated that we would continue to improve overall cost efficiencies, preserve financial liquidity and enhance MEG's competitive position. Since making that commitment to Shareholders we have repaid \$633 million of long-term debt, entered into a new modified-covenant-lite 5-year credit facility, refinanced US\$1.2 billion of existing indebtedness, significantly reduced ongoing G&A expense and posted record low annual non-energy operating costs.

We remain committed to driving efficiencies in our business from a financial, operational and cost perspective and will continue to direct all available free cash flow to debt repayment.

OUR BRAND

We refreshed our brand at MEG in 2019. We did this for a couple reasons; internally to reenergize the organization, and externally to hold ourselves accountable to our principles as a company:

SUSTAINABLE . INNOVATIVE . RESPONSIBLE .

These aren't just words in our logo or up on a wall. This is how we run our business at MEG. We are committed to sustainable resource development, innovative technologies and responsible strategic growth. We continuously challenge ourselves to improve through innovation, and we intend to be a leader in the low carbon energy future.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

We also released our first ESG report this past year. I'm proud to share the work we have been doing from an environmental, social and governance perspective, and this report sets the foundation for MEG to continue to evolve and improve.

The use of innovative technology has positioned MEG as a leader both operationally and environmentally. While continuing to increase production, MEG has reduced GHG intensity by 7% since 2013 and is currently operating more than 20% below the *in situ* industry average for GHG intensity. We know we can do even better, and our goal is to continue to drive GHG emissions down, reduce overall environmental impacts, continue to deepen relationships with our communities and ultimately be a company employees and Shareholders are proud of and excited to work with.

2020 Look Forward

I believe what gets measured gets done, and that means we need to hold ourselves accountable to our commitments, show discipline in our business and look beyond the balance sheet for how we can improve; even in challenging times.

SUSTAINABILITY & RESILIENCY

As the world tries to navigate this multi-prong crisis the need for a secure and stable source of cleaner energy will become more important than ever.

Our recently adjusted focus on brownfield projects puts us in a unique position to innovate and responsibly optimize the development of our resource. By suspending the focus on exploration and expansion, MEG is essentially a manufacturing and production business, which means our efforts can be fully focused on responsible and sustainable production. With our approximately 60-year reserve life these efforts will pay off significantly in the long term.

As we continue to drive forward and respond to this crisis, this isn't about playing defense. We will maintain the health of our people, adapt our business operations to ensure Shareholder value, build socio-economic resilience and take decisive action as we drive forward.

DIVERSITY & INCLUSION

There are two types of capital, financial and human, and they need to be philosophically aligned. We can't expect to continue to push the limits of what's possible without a variety of different perspectives, experiences and talents. I'm a big fan of setting targets to get the organization energized, so our 2020 Performance Scorecard includes targets for diversity and inclusion of women and Indigenous peoples in the organization.

I think a real challenge in times like these is that we tend to be only in the moment and forget to look ahead to the future. I think we need to do both. As a company, we will need to be nimble and take firm action to protect our business and ensure our financial sustainability as we continue to work towards our goal to be the last ethically, environmentally and economically produced barrel of oil.

NOW, MORE THAN EVER, I AM COMMITTED TO POSITIONING MEG AS AN ENERGY COMPANY OF THE FUTURE

I would like to take this opportunity to thank our outgoing Chairman, Jeff McCaig for his outstanding contributions since being appointed to the Board in 2014. His leadership, skill and oversight have positioned MEG well. His passion for innovation, and his belief in the long-term value of what we do every day at MEG will be missed.

In closing, I want to recognize the hard work and dedication of our talented employees and thank all our Shareholders for their continued support.



THANK YOU,
DEREK W. EVANS

FROM THE BOARD

In the last few months, the COVID pandemic, associated demand destruction and very low oil prices have created an extremely challenging situation for all oil companies, including MEG.

I am pleased to report that the company has responded quickly and effectively to ensure the safety and integrity of our operations at Christina Lake and the administration in the Calgary office. At the same time, management has been working diligently to reduce capital expenditures, optimize production levels and reduce all cost structures in a concerted effort to minimize the impact of these events and enhance the liquidity profile of the company.

MEG is a Canadian success story with compelling potential for Shareholder value creation. I would like to ensure you, our Shareholders, that we are doing everything we can to position MEG to deliver on that potential.

The Board remains vigilant in the oversight of MEG's performance. One of the tools we utilize is the Corporate Performance Scorecard reported on elsewhere in this Circular, which ensures MEG delivers responsible operations, sets high environmental standards, goes above and beyond compliance with environmental laws and regulations and has appropriate programs and policies in place for the health and safety of its employees in the workplace. This year, the Scorecard has been extended to incorporate diversity and inclusion measures.

We are similarly committed to strengthening our Environmental, Social and Governance (ESG) practices more generally. The Board has overall responsibility for ESG and delegates specific responsibility to the appropriate Board Committees for more detailed review. We are focused on driving enhanced disclosure on material issues, ensuring alignment of MEG's business strategy and environmental goals and continuing to advance all aspects of our ESG performance. This focus will serve us well in the days ahead and when global demand recovers and energy pricing improves; ESG performance can become a competitive advantage.

In 2019, Grant Billing, Ian Bruce and Judy Fairburn were appointed to MEG's Board. Collectively, they bring extensive experience and expertise that includes, but is not limited to, finance, operations, marketing, innovation and stakeholder relations, that will serve and support MEG's ongoing commitment to sustainable development and value creation.

At the Board level, we expect to achieve our goal of a Board composition in which females and males each represent at least 30% of directors by our Annual General Meeting (AGM) of Shareholders this year, and thereafter maintaining such minimum levels of gender diversity on the Board. Our Board renewal program started in 2019 and by this year's AGM, 50% of our Board members will be new.

As I finish my tenure as Chairman of the Board of Directors, I would like to thank my fellow directors, and Derek and his leadership team, for the work they have done, and will continue to do, to strengthen MEG's position and deliver value to our Shareholders. I would like to especially thank my fellow director Harvey Doerr who is not standing for re-election at this year's AGM. Harvey served on the MEG Board from its inception as a public company in 2010, chaired the Governance Committee for 8 of those years and also served as interim CEO after the retirement of our founding CEO in 2018. He brought a rare combination of strategic insight and operational expertise that will be missed.

Sue MacKenzie is standing for election to our Board for the first time at this AGM. Sue will bring a tremendous amount of technical, operational and governance experience and we are looking forward to her election to the Board.

Since being appointed to the Board of Directors in 2014, I have seen the company face many challenges and each time rise to the occasion. While this current situation is unprecedented, I believe the diverse skill set and commitment of our Board members will be a strength in stewarding the company through these trying times.

It has been a privilege to be the Chairman of MEG's Board and I would like to thank our Shareholders for their ongoing support. This company was built on innovation and the drive to succeed, and I know this will continue in MEG's next chapter.



THANK YOU,
JEFFREY J. McCAIG

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

WHEN

June 17, 2020
3:00 p.m. (Calgary time) (the "Meeting")

WHERE

Virtual only meeting via live audio webcast online at
<https://web.lumiagm.com/160406352>

BUSINESS OF THE MEETING

1. To receive and consider the audited financial statements of MEG Energy Corp. (the "Corporation") for the year ended December 31, 2019 and the auditor's report thereon;
2. To elect the directors of the Corporation for the ensuing year;
3. To appoint auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix their remuneration;
4. To consider and, if thought advisable, approve an ordinary resolution to ratify the continuation of the Corporation's amended and restated shareholder rights plan for a further three-year period;
5. To approve, in an advisory, non-binding capacity, a resolution to accept the Corporation's approach to executive compensation; and
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

VIRTUAL ONLY FORMAT

This year, in light of COVID-19, the Corporation will be holding the Meeting in a virtual-only format which will be conducted via live audio webcast. Shareholders of the Corporation ("Shareholders") will have an equal opportunity to participate in the Meeting regardless of their geographic location. Registered Shareholders, and duly appointed proxyholders, will be able to attend the Meeting, submit questions, and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out in the accompanying management information circular (the "Circular"). Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholder, will be able to attend the meeting as guests but will not be able to vote or submit questions at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

"Lyle Yuzdepski"

Lyle Yuzdepski
Senior Vice President, Legal & General Counsel and
Corporate Secretary
MEG Energy Corp. | May 5, 2020

YOUR VOTE IS IMPORTANT

You are entitled to receive notice of, and to vote at, the Meeting and at any adjournment(s) thereof, if you are a Shareholder of record at the close of business on May 5, 2020.

The accompanying Circular includes important information about the Meeting and the voting process. Please read it carefully and remember to vote.

A paper copy of the financial information in respect of our most recently completed financial year was mailed to those registered and beneficial Shareholders who previously requested to receive such information. Our 2019 financial statements can also be accessed online at www.megenergy.com or on SEDAR at www.sedar.com.

HOW TO VOTE

Shareholders may attend the virtual Meeting or may be represented thereat by proxy in accordance with the instructions set forth in the Circular.

Registered Shareholders who are unable to attend the virtual Meeting are requested to complete, date and sign the enclosed instrument of proxy, in accordance with the instructions set forth in the Circular. An instrument of proxy will not be valid and acted upon at the Meeting or any adjournment thereof unless it is deposited at the offices of Computershare Trust Company of Canada by one of the following methods:

- **Mail:** 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department
- **Internet:** go to www.investorvote.com and enter your 15-digit control number
- **Phone:** Call 1-866-732-8683 (toll-free in North America) and enter your 15-digit control number

at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion without notice.

MANAGEMENT INFORMATION CIRCULAR

GLOSSARY OF TERMS

Audit Committee	Audit Committee of the Board
Board	Board of Directors of the Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Compensation Committee	Compensation Committee of the Board
COO	Chief Operating Officer
Corporation or MEG	MEG Energy Corp.
DSU	deferred share unit issued under the DSU Plan
DSU Plan	Deferred Share Unit Plan
executives	employees at the vice president level and above, and includes the NEOs
GNC	Governance and Nominating Committee of the Board
HSE Committee	Health, Safety and Environment and Reserves Committee of the Board
LTI	long-term incentive compensation
Meeting	the 2020 annual and special meeting the Corporation's Shareholders
NEO	Named Executive Officer
Option	option to purchase a Share issued under the Option Plan
Option Plan	Stock Option Plan
PSU	performance share unit issued under the PSU Plans
Record Date	May 5, 2020
RSU	restricted share unit issued under the RSU Plans
RSU Plans	Restricted Share Unit Plan and Cash-Settled Restricted Unit Plan
Shares	common shares of the Corporation
Shareholders	holders of Shares
STI	short-term incentive compensation
TSX	the Toronto Stock Exchange

CURRENCY

Unless otherwise indicated, all references to currency in this Circular are in Canadian dollars.

MEETING AND VOTING INFORMATION

Virtual Only Meeting

In light of the COVID-19 pandemic, the Corporation believes that conducting a virtual only Meeting via live audio webcast is in the best interests of the Corporation's stakeholders and is part of the Corporation's commitment to protect the health and safety of the Corporation's employees, Shareholders and their communities. The virtual Meeting will allow equal opportunity for Shareholders to participate, ask questions, and vote at the Meeting regardless of their geographic location.

Registered shareholders and duly appointed proxyholders may participate via the live webcast of the Meeting through an online portal at <https://web.lumiagm.com/160406352>. Non-registered (or beneficial) Shareholders may also listen to a live webcast of the Meeting at <https://web.lumiagm.com/160406352> but will not have the ability to vote virtually or ask questions through the live webcast unless they are duly appointed and registered as proxyholders.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting to be held on Wednesday on June 17, 2020 at 3:00 p.m. (Calgary time), or any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting.

Instruments of proxy must be received by Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting.

Registered Shareholders may submit their vote by:

Mail:

Computershare Trust Company of Canada
Attention: Proxy Department
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1

Internet:

Go to www.investorvote.com and enter the 15-digit control number printed on your Instrument of Proxy and follow the instructions on the web page to vote your Shares.

Phone:

Call 1-866-732-8683 (toll-free in North America) and enter the 15-digit control number printed on your Instrument of Proxy and follow the instructions on the interactive voice recognition system to vote your Shares.

In person via Online Meeting:

Registered Shareholders and beneficial Shareholders who have appointed themselves proxyholder (see *"Notice to Beneficial Holders of Shares"*) have the ability to participate, ask questions, and vote at the Meeting using the LUMI meeting platform. Eligible Shareholders may log in at <https://web.lumiagm.com/160406352>, click on "I have a Control Number", enter the 15-digit control number found on your Instrument of Proxy and enter the password "meg2020" (case sensitive), then click on the "Login" button. During the Meeting, you must ensure that you are connected to the Internet at all times in order to vote when polling is commenced on the resolutions put before the Meeting. It is your responsibility to ensure Internet connectivity. Non-registered Shareholders who are not attending the Meeting in person may listen to a live webcast of the Meeting by going to the same URL as above and clicking on "I am a guest".

Following the conclusion of the formal business to be conducted at the Meeting, the Corporation will invite questions and comments from Shareholders participating through the LUMI meeting platform.

Solicitation of proxies will be primarily by mail, but may also be by personal interview, telephone or other oral or written means of communication by the directors, officers and employees of the Corporation, at no additional compensation. The cost of the solicitation of proxies by management will be borne by the Corporation.

Record Date

Only persons who are registered Shareholders at the close of business on May 5, 2020 (the "Record Date") are entitled to receive notice of and to vote at the Meeting, except that any person who acquires Shares after that date may vote such Shares at the Meeting if he, she or it: (a) produces properly endorsed certificates evidencing such Shares or otherwise establishing that he, she or it owns them; and (b) requests, at least ten (10) days before the Meeting, that his, her or its name be included on the list of Shareholders entitled to vote at the Meeting. Persons who are beneficial holders of Shares as of the Record Date will be entitled to vote at the Meeting in accordance with the procedures established pursuant to National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*.

Voting by Proxy

The persons named in the accompanying Instrument of Proxy are directors and/or officers of the Corporation. **Each Shareholder has the right to appoint a person or company to represent the Shareholder at the Meeting (who need not also be a Shareholder) other than the person or persons designated in the Instrument of Proxy furnished by the Corporation.** To exercise this right, the Shareholder must either insert the name of the desired representative in the blank space provided in the accompanying Instrument of Proxy or submit an alternative form of proxy (either of which is a "Proxy").

A Proxy will not be valid unless it is received by Computershare Trust Company of Canada not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time fixed for holding the Meeting or any adjournment thereof.

Signing of Instruments of Proxy

A Proxy must be in writing and must be executed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer of the corporate Shareholder. A Proxy signed by a person acting as attorney or in some other representative capacity should expressly reflect that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with Computershare Trust Company of Canada or the Corporation).

Revocation of Proxy

A registered Shareholder who has submitted a Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and delivered to Computershare Trust Company of Canada, at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 or by fax to facsimile number 1-866-249-7775, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof. A Proxy may also be revoked: (a) by the registered Shareholder participating in the virtual Meeting and voting such Shareholder's Shares; or (b) in any other manner permitted by law. Beneficial Shareholders can change or revoke a vote by notifying their broker or intermediary in accordance with the instructions of such broker or intermediary.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Shares represented at the Meeting by properly executed Proxies will be voted, or withheld from voting, on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the Shares represented by the Proxy will be voted in accordance with such instructions. On any ballot that may be called for at the Meeting, the management designees named in the accompanying Instrument of Proxy will vote or withhold from voting the Shares in respect of which they are appointed proxy according to the directions of the Shareholder appointing them. If the Shareholder specifies a choice regarding any matter to be acted upon at the Meeting, his, her or its Shares will be voted accordingly. **In the absence of such direction, the Shares will be voted: (i) for the election of each director; (ii) for the appointment of PricewaterhouseCoopers LLP as auditor of the Corporation at such remuneration as the directors of the Corporation may determine; (iii) for the continuation of the Corporation's amended and restated shareholder rights plan; and (iv) for the Corporation's approach to executive compensation.**

The accompanying Instrument of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and with respect to other matters which may properly be brought before the Meeting or any adjournment thereof unless otherwise indicated on such accompanying Instrument of Proxy.

Management of the Corporation knows of no amendments, variations or other matters to come before the Meeting, other than those matters referred to in the Notice of Annual and Special Meeting.

Notice to Beneficial Holders of Shares

A Shareholder is a beneficial Shareholder if his or her Shares are held in the name of a nominee. That is, the Shareholder's share certificate was deposited with a bank, trust company, securities broker, trustee, or other institution. Only proxies deposited by registered Shareholders can be recognized and acted upon at the Meeting. Shares held by brokers or nominees can only be voted upon with the instructions of the beneficial Shareholder. Without specific instructions, the Canadian broker/nominees are prohibited from voting common shares for their clients. When a broker is unable to vote on a proposal because it is non-routine and the owner of the common shares does not provide voting instructions, a "broker non-vote" occurs. Broker non-votes have no effect on the vote on such a proposal because they are not considered present and entitled to vote. Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting Shares in person or by way of proxy except as outlined below.

A beneficial Shareholder's broker or nominee is required by law to receive voting instructions from beneficial Shareholders before voting Shares. Every broker has its own mailing procedures and instructions for returning the completed voting instruction form ("VIF"), so beneficial Shareholders must follow the instructions provided on the form. Most brokers delegate responsibility for obtaining instructions from their clients to Broadridge Investor Communications Corporation ("Broadridge"). Broadridge mails the proxy materials and VIF to beneficial Shareholders, at our expense. The VIF will name the same management designees of the Corporation described under *"Voting of Proxies and Exercise of Discretion by Proxyholders"* to act as proxyholders. Broadridge then tabulates the results of all the instructions received and provides the appropriate instructions respecting the Shares to be represented at the Meeting.

If a beneficial Shareholder wishes to participate online and vote at the Meeting, such beneficial Shareholder must appoint himself or herself as proxyholder by inserting his or her own name in the space provided on the VIF sent by the Shareholder's intermediary, and follow all of the applicable instructions provided by your intermediary AND, for online participation, you must also register yourself as your proxyholder, as described below under *"Online Proxyholder Voting"*. By doing so, the beneficial Shareholder is instructing his or her intermediary to appoint himself or herself as proxyholder. Non-registered or beneficial Shareholders who have not appointed themselves as proxyholder (and registered as instructed below) cannot vote online during the Meeting. This is because the Corporation and its transfer agent, Computershare Trust Company of Canada, do not maintain the records for non-registered Shareholders and have no knowledge of a beneficial Shareholder's shareholdings or entitlement to vote, unless such Shareholder appoints himself or herself as proxyholder.

Online Proxyholder Voting

If a Shareholder appointed himself or herself or someone else to vote at the Meeting, other than the management proxy nominees identified in the Instrument of Proxy or VIF, then such Shareholder **MUST** also visit www.computershare.com/MEG by 10:00 a.m. (Calgary time) on June 15, 2020, and provide Computershare with the required proxyholder contact information, so that Computershare may provide the proxyholder with a control number via e-mail. **Without a control number, a proxyholder will not be able to attend and vote online at the Meeting.**

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 in respect of mailings to its beneficial Shareholders but not in respect of mailings to its registered Shareholders (i.e. a shareholder whose name appears on the Corporation's records). The Notice and Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of the materials that must be physically mailed to shareholders by allowing a reporting issuer to post its information circular in respect of a meeting of its shareholders and related materials online.

More specifically, the Corporation has elected to use procedures known as 'stratification' in relation to its use of the Notice and Access Provisions. As a result, registered Shareholders will receive a paper copy of the Notice of Annual and Special Meeting, this Circular and a form of proxy, whereas beneficial Shareholders will receive a notice containing information prescribed by the Notice and Access Provisions ("Notice and Access Notification") and a VIF.

In addition, a paper copy of the Notice of Annual and Special Meeting, this Circular and a VIF will be mailed to those beneficial Shareholders who do not hold their Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the financial information in respect of our most recently completed financial year was mailed to those registered and beneficial Shareholders who previously requested to receive such information.

The Corporation will be delivering a Notice and Access Notification and a VIF directly to non-objecting beneficial owners of its Shares with the assistance of Broadridge and intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Shares.

DATE OF INFORMATION

The information contained in this Circular is given as at May 5, 2020, except where otherwise noted.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Shares. As at April 30, 2020, 302,644,768 Shares were issued and outstanding. Shareholders of record on the Record Date are entitled to notice of, and to virtually attend, the Meeting, or be represented by proxy, and to one vote per Share on any ballot thereat.

To the knowledge of the Board and the executive officers of the Corporation, as at April 30, 2020, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the votes attached to all of the issued and outstanding Shares.

SHAREHOLDER PROPOSALS

The *Business Corporations Act* (Alberta) permits certain eligible Shareholders to submit shareholder proposals to the Corporation for inclusion in a management proxy circular for an annual meeting of shareholders. No shareholder proposals were submitted for consideration at the upcoming Meeting. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders to be held in 2021 is March 19, 2021.

ADVANCE NOTICE BY-LAW

The Corporation's Consolidated General By-Law sets out the advance notice requirements for director nominations (the "Advance Notice By-Law"). The purpose of the Advance Notice By-Law is to provide Shareholders with guidance on the process for nominating directors. The Advance Notice By-Law fixes a deadline by which Shareholders must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders at which directors are to be elected, sets forth the information that must be included in the notice, and details of the procedure to be followed. A copy of the Advance Notice By-Law is available on the Corporation's website at www.megenergy.com.

Under the Advance Notice By-Law, the deadline for nominations for the Meeting is May 8, 2020. As of the date of this Circular, the Corporation has not received any director nominations.

BUSINESS OF THE ANNUAL AND SPECIAL MEETING

1. Financial Statements and Auditor's Report

The financial statements of the Corporation for the fiscal year ended December 31, 2019, together with the auditor's report thereon, will be presented at the Meeting. No formal action will be taken at the Meeting to approve the Corporation's financial statements. Any questions the Shareholders have regarding the financial statements may be brought forward at the Meeting. Copies of the Corporation's annual and interim financial statements are available on SEDAR at www.sedar.com.

2. Election of Directors

The Corporation's articles provide that there must be a minimum of three (3) and a maximum of fifteen (15) directors. There are currently ten (10) directors, including Mr. Harvey Doerr, who, after serving on the Board since 2010, will be retiring this year and will not stand for re-election. The Corporation would like to thank Mr. Doerr for his many contributions to the Corporation and its Board including serving as interim CEO in 2018 during a period of leadership transition.

In accordance with the by-laws of the Corporation, the Board has determined that ten (10) directors will be elected at the Meeting. Shareholders will be asked at the Meeting to elect as directors each of the nominees listed below.

- | | |
|----------------------|-----------------------|
| 1. Jeffrey J. McCaig | 6. Robert B. Hodgins |
| 2. Derek W. Evans | 7. William R. Klesse |
| 3. Grant D. Billing | 8. Susan M. MacKenzie |
| 4. Ian D. Bruce | 9. James D. McFarland |
| 5. Judy A. Fairburn | 10. Diana J. McQueen |

All of the proposed nominees, other than Ms. MacKenzie, were elected as directors at the annual meeting of Shareholders of the Corporation held on June 13, 2019. Ms. MacKenzie is a new nominee director who has not yet joined the Board. Each director elected will hold office from the date on which he or she is elected 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 prior to the next meeting.

The Board believes that each director should carry the confidence and support of the Shareholders. The Instrument of Proxy therefore enables a Shareholder to vote in favour of, or to withhold a vote for, each proposed nominee separately.

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote "FOR" the election of each nominee named below under "Information on Director Nominees".

Majority Voting Policy

The Corporation has adopted a majority voting policy that requires any nominee for director to tender his or her offer of resignation in the event such nominee receives a greater number of "withheld" votes than "for" votes in an uncontested election in which the number of nominees for election is equal to the number of directors to be elected as set out in the management information circular for the particular meeting. Upon receipt of such an offer of resignation, the GNC will consider the offer of resignation and make a recommendation to the Board. In compliance with the requirements of the TSX, the GNC would be expected to recommend that the Board accept the offer of resignation, and the Board would be expected to accept such resignation, absent exceptional circumstances.

Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election. See "*Corporate Governance Practices – Majority Voting Policy*".

3. Appointment of Auditor

The Board unanimously recommends that PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, be appointed auditor of the Corporation to hold office until the close of the next annual meeting of Shareholders. PricewaterhouseCoopers LLP was first appointed auditor of the Corporation on December 2, 2004. The following table provides the aggregate fees billed to the Corporation for professional services rendered by PricewaterhouseCoopers LLP in the years ended December 31, 2018 and 2019:

	2018 (\$)	2019 (\$)
Audit Fees	333,900	430,500
Audit Related Fees ⁽¹⁾	556,644	236,873
Tax Fees ⁽²⁾	116,347	120,902
All Other Fees ⁽³⁾	3,780	3,780
Total	1,010,671	792,055

Notes:

- (1) Fees for assurance and related services by PricewaterhouseCoopers LLP in connection with their review of the Corporation's financial statements and not otherwise reported under "Audit Fees".
- (2) Fees for tax compliance and tax advice.
- (3) Software license fees.

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote "FOR" the appointment of PricewaterhouseCoopers LLP to serve as the auditor of the Corporation until the next annual meeting of Shareholders, at a remuneration to be determined by the directors of the Corporation.

4. Approval of Continuation of Shareholder Rights Plan

Shareholders will be asked to vote on continuing the Corporation's shareholder rights plan agreement. As described in more detail below, the rights plan is designed to ensure that Shareholders are treated fairly if there is an acquisition of a controlling position by a Shareholder or a group of Shareholders acting together. Among other things, it ensures every Shareholder has an equal opportunity to participate in the bid. A summary of the rights plan is set out in Appendix B and the full text of the rights plan is available on SEDAR at www.sedar.com.

Background

In connection with the initial public offering by the Corporation of its Common Shares in August 2010, the Corporation adopted a shareholder rights plan pursuant to a shareholder rights plan agreement between the Corporation and Olympia Trust Company, as rights agent, made as of August 6, 2010. On March 20, 2014, the Board approved certain amendments to the rights plan in the form of an amended and restated shareholder rights plan agreement, which rights plan was ratified and approved by majority vote of the Shareholders on May 1, 2014. On March 23, 2017, the Board approved further amendments to the rights plan in the form of an amended and restated shareholder rights plan agreement between the Corporation and Computershare Trust Company of Canada, which rights plan was ratified and approved by majority vote of the Shareholders on May 25, 2017. The amended and restated rights plan must be approved by Shareholders every three years.

Purpose of the Amended and Restated Rights Plan

Takeover bids can be discriminatory. Exemptions to takeover bid legislation permit a Shareholder (or Shareholders) to gain control of a company without making a formal takeover bid to all of the Shareholders (for example, by making private agreements with a small group of Shareholders or by slowly accumulating Shares over time through stock exchange trading). These so-called "creeping bids" could result in a Shareholder or group of Shareholders acquiring control without paying fair value to all Shareholders.

The amended and restated rights plan is designed to discourage this kind of takeover bid. Where a takeover bid occurs that is not a permitted bid (as described below), the rights plan gives Shareholders contingent rights to acquire Shares at a significant discount to the prevailing market price. In certain circumstances, these rights become

exercisable by all Shareholders except the offeror in a takeover bid and its associates, affiliates and joint actors, with the potential to significantly dilute the value of the offeror's Shares.

The rights plan addresses the concerns noted above by requiring offerors to:

- (a) make permitted bids under the rights plan, which give Shareholders an opportunity to participate in the transaction: a permitted bid meets specific conditions, including that it must be made to all Shareholders and remain open for acceptance for at least 105 days or, if less than 105 days, the minimum period that a formal take-over bid is required to remain open for in the relevant circumstances under Canadian law; or
- (b) negotiate an offer directly with the Board, giving the Board the opportunity to bargain for terms it believes will be in the best interests of Shareholders.

If the offeror does not take either of these approaches, the transaction could trigger the dilution provisions in the amended and restated rights plan described above.

Management has reviewed the terms of the Corporation's rights plan and confirmed that it continues to comply with current Canadian securities laws and to conform in all material respects to the shareholder rights plans of other public corporations in Canada. No amendments are proposed to the Corporation's rights plan.

Approval Requirements

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve the following ordinary resolution to ratify the continuation of the Corporation's amended and restated shareholder rights plan for a further three-year period:

"BE IT RESOLVED, as an ordinary resolution, **THAT**:

- 1. the amended and restated shareholder rights plan of MEG Energy Corp. (the "Corporation") be continued for a further three-year period and the amended and restated shareholder rights plan agreement made as of May 25, 2017 between the Corporation and Computershare Trust Company of Canada, as rights agent, which amended and restated the shareholder rights plan agreement dated effective August 6, 2010, as amended and restated May 1, 2014, and continued the rights thereunder, be and is hereby ratified, confirmed and approved; and
- 2. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the amended and restated rights plan agreement and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution."

The resolution must be approved by a simple majority of the votes cast by: (i) the Shareholders; and (ii) if applicable, the Independent Shareholders (as defined in the rights plan, but generally meaning any Shareholder other than an acquiring person as defined in the rights plan, or a person making a takeover bid for the Corporation and their associates and affiliates), present in person or by proxy at the Meeting. The Corporation is not currently aware of any Shareholders whose votes will be ineligible to be counted towards the ordinary resolution to approve the amended and restated rights plan or any Shareholders which would not qualify as Independent Shareholders.

The resolution is not in response to, or in anticipation of, any pending, threatened or proposed acquisition or takeover bid, and is not intended as a means to prevent a takeover of the Corporation, as a strategy to retain management or the Board, or to deter fair offers for the Corporation's Shares.

The Board has determined that the continuation of the amended and restated shareholder rights plan is in the best interests of the Corporation and its Shareholders and recommends that you vote "FOR" the ordinary resolution to ratify, confirm and approve the continuation of the amended and restated rights plan for a further three-year period. Unless otherwise directed, the management designees named in the accompanying Instrument of Proxy intend to vote proxies "FOR" approval of the ordinary resolution above.

5. Say on Pay

The Corporation's compensation policies and procedures are centered on a "pay for performance" philosophy and aligned with the long-term interests of Shareholders, as more particularly described throughout this Circular.

The Corporation's compensation programs are designed to:

- reward creation of long-term shareholder value;
- reflect short, medium and long-term corporate performance;
- maintain an appropriate balance between base salary and short-term and long-term incentive opportunities;
- be competitive, so as to attract and retain talented individuals;
- strike an appropriate balance between risk and reward for both employees and Shareholders; and
- assure that perquisites are modest and support the Corporation's business objectives.

Management believes that the Corporation's compensation programs, with their balance of base salary, bonus amounts and long-term incentives comprised of RSUs, PSUs and Options, reward sustained performance that is aligned with long-term Shareholder interests.

The Board and management of the Corporation wish to provide Shareholders with a non-binding advisory vote ("Say on Pay") at the Meeting. This Say on Pay non-binding advisory vote on executive compensation will provide Shareholders with the opportunity to vote FOR or AGAINST the Corporation's approach to executive compensation through the following resolution:

"BE IT RESOLVED THAT, on an advisory basis and not to diminish the role and responsibilities of the Board, the shareholders accept the approach to executive compensation disclosed in the "Compensation Discussion and Analysis" section of the Management Information Circular of the Corporation dated May 5, 2020 and delivered in advance of the 2020 Annual and Special Meeting of Shareholders."

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board believes that it is essential for Shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between Shareholders and the Board. The Corporation will disclose the results of the Shareholder advisory vote as part of its report on voting results for the Meeting.

In the event that the advisory resolution is not approved by a majority of the votes cast at the meeting, the Board will consult with Shareholders (particularly those who are known to have voted against it) to understand their concerns and will review the Board's approach to executive compensation in the context of those concerns. Results from the Board's review, if necessary, will be discussed in the Corporation's management information circular for the annual meeting of shareholders of the Corporation to be held in 2021.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders present in person or by proxy at the Meeting. **The Board recommends that you vote FOR the foregoing resolution. Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote "FOR" the ordinary resolution above.**

On a vote by way of ballot, an advisory resolution was passed accepting the Corporation's approach to executive compensation at the annual meeting of Shareholders of the Corporation held on June 13, 2019. The voting results were as follows:

2019 Say on Pay	Votes FOR		Votes WITHHELD	
	#	%	#	%
	167,385,286	85.41	28,589,277	14.59

6. Other Business

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters identified in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting or any adjournment thereof, the Shares subject to the Instrument of Proxy solicited hereunder will be voted on such matter in the discretion of and according to the best judgment of the proxyholder unless otherwise indicated on such Instrument of Proxy.

INFORMATION ON DIRECTOR NOMINEES

Background

Each nominee brings a mix of skills and experience to the Board. The combination of these skills is important for the Board to effectively oversee the Corporation's business and affairs and carry out its duties and responsibilities.

In 2019, after taking the opportunity to consult with Shareholders holding greater than 56% of the outstanding Shares, the Board engaged Korn Ferry to initiate a Board renewal process in order to facilitate an appropriately-timed turnover of Board members while also ensuring that the necessary skillsets and backgrounds continued to be in place to steward the business of the Corporation going forward. To provide continuity on the Board, the Board renewal process was staged over two years. In 2019, two members did not stand for re-election and three highly-qualified candidates, Grant D. Billing, Ian D. Bruce and Judy A. Fairburn, were nominated and successfully elected as new Board members. In 2020, the Board engaged Korn Ferry to search for a qualified Board candidate to replace Mr. Harvey Doerr who has elected to retire in 2020, which resulted in the identification of another highly-qualified candidate, Ms. Susan M. MacKenzie, who is nominated for election to the Board at the Meeting.

The two-year renewal process described above, together with the retirement of Daniel S. Farb in 2018, provides material Board turnover with five members leaving the board since 2018 and five new members joining the Board by the conclusion of the Meeting, if elected. In addition, the election of the proposed nominees will result in the Corporation achieving compliance with its Diversity Policy which requires that females and males each represent at least 30% of directors following the annual general meeting in 2020.

Nominees

The following tables and the notes thereto set forth the name, age, city/province/state and country of residence, of each of the persons proposed to be nominated for election as a director (the "Nominee"); all positions and offices in the Corporation held by the Nominee, if any; whether the nominee is independent or non-independent; the date the Nominee was first elected or appointed as a director of the Corporation; the Nominee's principal occupation at present and within the preceding five (5) years; the Nominee's memberships on Board committees; the meeting attendance record of the Nominee; the number of Shares, DSUs and/or RSUs of the Corporation that the Nominee has advised are beneficially owned or controlled or directed, directly or indirectly, by the Nominee as at April 30, 2020; in the case of a Nominee who is a member of management, the number of Options and PSUs held by the Nominee as at April 30, 2020; the value of securities held by the Nominee as at April 30, 2020; whether the Nominee meets the minimum share ownership requirements; other public company board memberships held by the Nominee, if any; and, the voting results of the Nominee at the previous Annual and Special Meeting, if applicable.

	Jeffrey J. McCaig		
Age:	68		
Municipality of Residence:	Calgary, Alberta, Canada		
Positions/Offices Held:	Chairman of the Board and Director (Independent)		
Director Since:	March 1, 2014		
Mr. McCaig is the Chairman of the board of directors of Trimac Transportation of which he was CEO until December 31, 2015. Mr. McCaig was a director of Potash Corporation of Saskatchewan from January 2001 until May 2017 and has been a director of Bantrel Company (a private company) since 2000, becoming its Chairman in December 2007. Mr. McCaig is also a director and co-owner of the Calgary Flames Hockey Club. Mr. McCaig holds a degree in economics from Harvard University, a law degree from Osgoode Hall Law School, and a Master of Science in Management degree from Stanford University. He also is a member of the Institute of Corporate Directors.			
Board and Committee Memberships ⁽¹⁾		2019 Attendance	2019 Attendance (Total)
Board of Directors		10 of 10	100%
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
648,896 Shares	\$2,018,067		
132,366 DSUs	\$374,596	\$2,506,624	Yes
40,269 RSUs	\$113,961		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		86.95%	13.05%
Other Public Company Boards			
None			

Age: Municipality of Residence: Positions/Offices held: Director Since:	Derek W. Evans		
	63		
	Calgary, Alberta, Canada		
	President and Chief Executive Officer and Director (Non-Independent)		
August 10, 2018			
<p>Mr. Evans has been President, Chief Executive Officer and a director of the Corporation since August 10, 2018 and is currently a director of Franco-Nevada Corporation, a TSX and New York Stock Exchange (“NYSE”) listed issuer. He served as President and CEO and a director of Pengrowth Energy Corporation (an oil and natural gas company) from September 2009 until March 15, 2018. From May to September 2009, Mr. Evans was President and Chief Operating Officer of Pengrowth Energy Trust. Mr. Evans served as President and CEO of Focus Energy Trust from May 2002 until March 2008. Mr. Evans has over 30 years of experience in a variety of operational and senior management positions in the oil and gas business in Western Canada. Mr. Evans holds a Bachelor of Science degree in Mining Engineering from Queen's University and is a registered Professional Engineer in Alberta. Mr. Evans is also a member of the Institute of Corporate Directors.</p>			
Board and Committee Memberships ⁽⁴⁾		2019 Attendance	2019 Attendance (Total)
Board of Directors		10 of 10	100%
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
133,762 Shares	\$416,000		
329,671 DSUs	\$932,969		
812,357 RSUs	\$2,298,970	\$6,516,603	Yes
1,013,662 PSUs	\$2,868,663		
153,100 Options	\$nil		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		99.75%	0.25%
Other Public Company Boards			
Franco-Nevada Corporation			

Age:	68
Municipality of Residence:	Calgary, Alberta, Canada
Positions/Offices held:	Director (Independent)
Director Since:	June 13, 2019

Grant D. Billing is a corporate director. Mr. Billing is currently the Chairman of the Board of Tervita Corporation and a director of Tervita Corporation since December 2016. He served as the Chairman and CEO of Superior Plus Corp. (an energy distribution and specialty chemicals company) between July 2006 and November 2011 and Executive Chairman between 1998 and 2006. He was Chairman of the board of directors of Superior Plus Corp. until December 31, 2014. Mr. Billing is also currently a corporate director of Badger Daylighting Ltd. and was formerly the Chair of the board of directors at Cortex Business Solutions Inc. He served as a director of Pembina Pipeline Corporation from April 2, 2012 to May 5, 2017. In addition, Mr. Billing has served as Chairman and director of several public companies and as director and Chairman of the Canadian Association of Petroleum Producers. Mr. Billing holds a Bachelor of Science degree from the University of Calgary and is a Chartered Professional Accountant.

Board and Committee Memberships ⁽⁵⁾⁽⁷⁾	2019 Attendance ⁽⁵⁾⁽⁷⁾	2019 Attendance (Total) ⁽⁵⁾⁽⁷⁾
Board of Directors	2 of 2	
Audit Committee	3 of 3	100%
Governance and Nominating Committee	2 of 2	

Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
53,951 Shares	\$167,788		
41,048 DSUs	\$116,166	\$306,316	Yes
7,902 RSUs	\$22,363		

Voting Results of 2019 Annual Meeting	Votes FOR	Votes WITHHELD
	98.28%	1.72%

Other Public Company Boards
Badger Daylighting Ltd.
Tervita Corporation

	Ian D. Bruce		
Age:	67		
Municipality of Residence:	Calgary, Alberta, Canada		
Positions/Offices held:	Director (Independent)		
Director Since:	June 13, 2019		
Ian D. Bruce is a corporate director. Mr. Bruce has served as Chair of the Board of Cameco Corporation since May 2018 and a director since 2012. He is the former president and CEO of Peters & Co. Limited (an independent investment dealer). He has more than 30 years of experience in investment banking with specialization in corporate finance and mergers and acquisitions, predominantly in the oil and gas industry. Mr. Bruce is a fellow of the Chartered Professional Accountants of Alberta, a recognized Specialist in Valuation under Canadian CPA rules, and a chartered business valuator. He is a past member of the Expert Panel on Securities Regulation for the Minister of Finance of Canada and is also a past board member and chair of the Investment Industry Association of Canada. Mr. Bruce currently serves as a volunteer board member of the Opportunity Calgary Investment Fund (OCIF). Prior to becoming Chair of the Board of Cameco Corporation in May 2018, Mr. Bruce was a member of its audit and finance committee and chair of its human resources and compensation committee. Mr. Bruce is a director of the private company, Production Plus Energy Services Inc., and is also a member of its audit and compensation committees.			
Board and Committee Memberships ⁽⁵⁾⁽⁷⁾		2019 Attendance ⁽⁵⁾⁽⁷⁾	2019 Attendance (Total) ⁽⁵⁾⁽⁷⁾
Board of Directors		2 of 2	
Audit Committee		3 of 3	100%
Compensation Committee		3 of 3	
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
103,951 Shares	\$323,288		
20,578 DSUs	\$58,236	\$502,653	Yes
42,802 RSUs	\$121,130		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		98.31%	1.69%
Other Public Company Boards			
Cameco Corporation			

	Judy A. Fairburn		
Age:	56		
Municipality of Residence:	Calgary, Alberta, Canada		
Positions/Offices held:	Director (Independent)		
Director Since:	June 13, 2019		
<p>Ms. Fairburn serves as a director of Tundra Oil & Gas (a private oil & gas company), Veerum Inc. (a private digital tech company), and non-profit organizations (Business Council of Alberta, Calgary Economic Development and the Public Policy Forum). She is also co-founder of The51 Ventures Inc. (a private investment platform).</p> <p>Ms. Fairburn has over 30 years of experience in the energy sector (upstream through downstream) with diverse executive and senior leadership roles. From 2009 until 2017, she held various senior leadership positions with Cenovus Energy Inc. (a Canadian integrated oil and natural gas company), recently as Executive Vice President, Safety and Chief Digital Officer. She has also made a significant impact to the innovation eco-system in Canada. Ms. Fairburn led substantial change as the first Chair of the consolidated Alberta Innovates, an agency of the Alberta government that funds, advises and provides scale-up support to innovators across the health, energy, agriculture, forestry and digital sectors. She also co-founded COSIA (Canada’s Oil Sands Innovation Alliance) and Evok Innovations – a unique cleantech / digital partnership and venture fund between entrepreneurs and industry.</p> <p>Ms. Fairburn holds a Master of Science degree in chemical engineering from the University of Calgary and a Master of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario. She is a Fellow of the Creative Destruction Lab and the Canadian Academy of Engineering. She was also honoured with the 2020 inaugural Calgary Influential Women in Business Lifetime Achievement Award and for Canadian sustainable development leadership as a 2013 Clean 16 award winner.</p>			
Board and Committee Memberships⁽⁵⁾⁽⁷⁾		2019 Attendance⁽⁵⁾⁽⁷⁾	2019 Attendance (Total)⁽⁵⁾⁽⁷⁾
Board of Directors		2 of 2	100%
HSER Committee		1 of 1	
Securities Held⁽²⁾	Value of Securities Held⁽³⁾	Total Value of Securities Held⁽³⁾	Complies with Share Ownership Requirements?
31,151 Shares	\$96,880	\$276,245	Yes
20,578 DSUs	\$58,236		
42,802 RSUs	\$121,130		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		99.73%	0.27%
Other Public Company Boards			
None			

	Robert B. Hodgins		
Age:	68		
Municipality of Residence:	Calgary, Alberta, Canada		
Positions/Offices held:	Director (Independent), Chair of Audit Committee		
Director Since:	September 23, 2010		
Mr. Hodgins has over 25 years of experience in senior financial roles with several Canadian corporations. He was Chief Financial Officer of Pengrowth Energy Trust (predecessor to Pengrowth Energy Corporation) from 2002 until 2004, Vice President and Treasurer of Canadian Pacific Limited from 1998 until 2002 and Chief Financial Officer of TransCanada Pipelines Limited from 1993 until 1998 and has been Senior Advisor, Investment Banking of Canaccord Genuity Corp. (an independent investment bank) since September 2018. Mr. Hodgins has served as a director of various public and private entities since 2004 including, PrimeWest Energy Trust, Caracal Energy plc, Fairborne Energy Trust and Calpine Power Income Fund. Mr. Hodgins is currently a director and Chair of the audit committee of Enerplus Corporation, a director and Chair of the audit committee of AltaGas Ltd. and the Chair of the Board and a member of the audit committee of Gran Tierra Energy Inc. He holds an Honours Bachelor of Arts in Business from the Richard Ivey School of Business, is a Chartered Professional Accountant and is a member of the Institute of Corporate Directors and the National Association of Corporate Directors.			
Board and Committee Memberships ⁽⁷⁾		2019 Attendance ⁽⁷⁾	2019 Attendance (Total) ⁽⁷⁾
Board of Directors		10 of 10	
Audit Committee		5 of 5	
Compensation Committee		8 of 8	100%
Governance and Nominating Committee		2 of 2	
Special Committee		1 of 1	
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
17,491 Shares	\$54,397		
58,731 DSUs	\$166,209	\$348,103	Yes
45,052 RSUs	\$127,497		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		97.64%	2.36%
Other Public Company Boards			
AltaGas Ltd.			
Enerplus Corporation			
Gran Tierra Energy Inc.			

	William R. Klesse		
Age:	73		
Municipality of Residence:	San Antonio, Texas, United States		
Positions/Offices held:	Director (Independent), Chair of HSE & Reserves Committee		
Director Since:	June 28, 2016		
<p>Mr. Klesse is the former CEO and former Chairman of the Board of Valero Energy Corporation ("Valero") (an international manufacturer and marketer of transportation fuels, other petrochemical products and power). He joined the Valero board as Vice Chairman in 2005 and served as Chairman of the Board from 2007 to December 2014. From 2006 to May 2014, he served as CEO of Valero and served as President from 2008 to 2013. From 2003 to 2005, Mr. Klesse was Valero's Executive Vice President and Chief Operating Officer. Prior to that, he served as Executive Vice President of Refining and Commercial Operations following Valero's 2001 acquisition of Ultramar Diamond Shamrock Corporation, where he had been Executive Vice President of the company's refining operations. Mr. Klesse began his 45-plus year career in the energy industry at Diamond Shamrock Corporation, which merged with Ultramar Corporation in 1996.</p> <p>Mr. Klesse is currently a director of Occidental Petroleum Corporation. He serves on the Advisory Board of the San Antonio Food Bank and is a trustee of several organizations (Texas Biomedical Research Institute, United Way of San Antonio and Bexar County, University of Dayton, Christus Santa Rosa Children’s Hospital of San Antonio Foundation and the Briscoe Western Art Museum).</p> <p>Mr. Klesse holds a bachelor's degree in Chemical Engineering from the University of Dayton and a Master of Business Administration with an emphasis in Finance from West Texas A&M University.</p>			
Board and Committee Memberships		2019 Attendance	2019 Attendance (Total)
Board of Directors		10 of 10	100%
HSER Committee		3 of 3	
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
300,000 Shares	\$933,000	\$1,210,215	Yes
52,904 DSUs	\$149,718		
45,052 RSUs	\$127,497		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		99.88%	0.12%
Other Public Company Boards			
Occidental Petroleum Corporation			

Age: Municipality of Residence: Positions/Offices held: Director Since:	Susan M. MacKenzie				
	59				
	Calgary, Alberta, Canada				
	Nominee (Independent)				
			Nominated for Election at the Meeting		
<p>Ms. MacKenzie is a corporate director and an independent business consultant since 2010 with over 25 years of energy sector experience. Most recently she was Chief Operating Officer at Oilsands Quest Inc. from April to September 2010. Prior thereto, Ms. MacKenzie spent twelve years at Petro-Canada in progressive technical, operational and strategic roles, including Vice President Human Resources and Vice-President In Situ Oilsands Development and Operations. Her industry experience also includes 14 years with Amoco Canada in a variety of engineering and leadership roles in natural gas, conventional oil and heavy oil exploitation.</p> <p>Ms. MacKenzie holds a B. Eng. (Mechanical) from McGill University, an MBA from the University of Calgary, is a Life Member of the Association of Professional Engineers and Geoscientists of Alberta and an Institute of Corporate Directors- certified director.</p> <p>Ms. MacKenzie is currently a director of Enerplus Corporation, Precision Drilling Corporation, Freehold Royalties Ltd. and TransGlobe Energy Corporation. Ms. MacKenzie also serves on the advisory board of Optimum Talent Inc.. She is a past director of the Calgary Women’s Emergency Shelter and Safe Haven Foundation as well as numerous for-profit, not-for-profit, private and academic advisory boards.</p>					
Board and Committee Memberships ⁽⁶⁾		2019 Attendance ⁽⁶⁾		2019 Attendance (Total) ⁽⁶⁾	
n/a		n/a		n/a	
Securities Held ⁽²⁾		Value of Securities Held ⁽³⁾		Total Value of Securities Held ⁽³⁾ Complies with Share Ownership Requirements?	
9,500 Shares		\$29,545		\$29,545 n/a	
Voting Results of 2019 Annual Meeting ⁽⁴⁾		Votes FOR		Votes WITHHELD	
		n/a		n/a	
Other Public Company Boards					
Enerplus Corporation Freehold Royalties Ltd. Precision Drilling Corporation TransGlobe Energy Corporation ⁽⁶⁾					

	James D. McFarland		
Age:	73		
Municipality of Residence:	Calgary, Alberta, Canada		
Positions/Offices held:	Director (Independent), Chair of Compensation Committee		
Director Since:	June 9, 2010		
<p>Mr. McFarland has over 47 years of experience in the oil and gas industry. He is a co-founder of, and has been a director of, Valeura Energy Inc. (a Canada-based public company engaged in the exploration, development and production of petroleum and natural gas in Turkey) since April 2010 and served as President and CEO, until his retirement in December 2017. Prior thereto, Mr. McFarland served as President and CEO, director and co-founder of Verenex Energy Inc. from 2004 until 2009. From 1999 until 2004, he served as Managing Director of Southern Pacific Petroleum N.L. in Australia. From 1995 until 1998, Mr. McFarland served as President and Chief Operating Officer of Husky Oil Limited. From 1972 until 1995, he held various leadership positions in his 23-year career with Imperial Oil Limited and other Exxon affiliates in Canada, the U.S. and Western Europe. Mr. McFarland has been a director of various public and private entities including Pengrowth Energy Corporation (until January 2020) and Arrow Exploration Corp. (until January 2020) and currently serves on the Congress Program Committee of the World Petroleum Council. Mr. McFarland received a Bachelor of Science (Honours) (Chemical Engineering) from Queen's University at Kingston, a Master of Science (Petroleum Engineering) from the University of Alberta, completed the Executive Development Program at Cornell University, received the designation of Professional Engineer in 1974 and is a member of the Institute of Corporate Directors. In 2003, Mr. McFarland was awarded the Australian Centenary Medal for Outstanding Service through Business and Commerce.</p>			
Board and Committee Memberships⁽⁷⁾		2019 Attendance⁽⁷⁾	2019 Attendance (Total)⁽⁷⁾
Board of Directors		10 of 10	
Audit Committee		5 of 5	
Compensation Committee		11 of 11	100%
Governance and Nominating Committee		3 of 3	
HSER Committee		2 of 2	
Securities Held⁽²⁾	Value of Securities Held⁽³⁾	Total Value of Securities Held⁽³⁾	Complies with Share Ownership Requirements?
30,209 Shares	\$93,950	\$337,494	Yes
86,058 DSUs	\$243,544		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		89.93%	10.07%
Other Public Company Boards			
Valeura Energy Inc.			

Age: Municipality of Residence: Positions/Offices held: Director Since:	Diana J. McQueen		
	58		
	Drayton Valley, Alberta, Canada		
	Director (Independent), Chair of Governance and Nominating Committee		
October 6, 2015			
Ms. McQueen has energy and environmental public policy experience from regional, provincial and international levels, in addition to entrepreneurial experience in operating an independent business. Ms. McQueen held various Alberta provincial cabinet roles during 2011 to 2015, including Minister of Energy, Minister of Environment and Water, and Minister of Municipal Affairs. Ms. McQueen has also served at the municipal level with the Alberta Urban Municipalities Association. Ms. McQueen is currently a director of Canada WaterNEXT Innovations Inc. and a director and audit committee member of Red Leaf Resources Inc. (a private oil-shale company).			
Board and Committee Memberships ⁽⁷⁾		2019 Attendance ⁽⁷⁾	2019 Attendance (Total) ⁽⁷⁾
Board of Directors		10 of 10	
Compensation Committee		11 of 11	
Governance and Nominating Committee		5 of 5	100%
HSER Committee		2 of 2	
Special Committee		1 of 1	
Securities Held ⁽²⁾	Value of Securities Held ⁽³⁾	Total Value of Securities Held ⁽³⁾	Complies with Share Ownership Requirements?
32,501 Shares	\$101,078		
74,053 DSUs	\$209,570	\$333,011	Yes
7,902 RSUs	\$22,363		
Voting Results of 2019 Annual Meeting		Votes FOR	Votes WITHHELD
		96.08%	3.92%
Other Public Company Boards			
None			

Notes:

- (1) Mr. McCaig attends all committee meetings in an *ex-officio* capacity and attended 100% of the committee meetings held in 2019.
- (2) The information as to the Shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Holdings of Shares, Options, DSUs, RSUs and PSUs are as of April 30, 2020. The value of Shares and Options is based on \$3.11, the closing price of Shares on the TSX on April 30, 2020. The value of DSUs and RSUs is based on the volume weighted average of the trading price for the Shares on the TSX for the five trading-day period immediately prior to April 30, 2020 (\$2.83). The value of PSUs is based on the volume weighted average of the trading price of the Shares on the TSX for the five trading-day period immediately prior to April 30, 2020 (\$2.83), and, for unvested PSUs, assumes a performance multiplier of 1.
- (4) Mr. Evans is not a member of any of the Board's committees but is invited to attend the meetings of all committees. Mr. Evans attended 100% of the committee meetings held in 2019. At each such meeting, the members of the committee, all of whom are independent, also met *in-camera* without Mr. Evans.
- (5) Messrs. Billing and Bruce and Ms. Fairburn were elected as directors of the Corporation on June 13, 2019.
- (6) Ms. MacKenzie is nominated for election as a director at the Meeting and did not serve as a director in 2019. Ms. MacKenzie is not standing for re-election to the board of directors of TransGlobe Energy Corporation at the 2020 TransGlobe shareholders' meeting.
- (7) The following changes to the Board's committees became effective as of June 13, 2019:
 - (a) Mr. Billing was appointed as a member of the Audit Committee and as a member of the Governance and Nominating Committee;
 - (b) Mr. Bruce was appointed as a member of the Audit Committee and as a member of the Compensation Committee;
 - (c) Ms. Fairburn was appointed as a member of the Health, Safety and Environment and Reserves Committee;
 - (d) Mr. Hodgins ceased being a member of the Compensation Committee and was appointed as a member of the Governance and Nominating Committee;
 - (e) Mr. McFarland ceased being a member of the Governance and Nominating Committee and of the Health, Safety and Environment and Reserves Committee; and
 - (f) Ms. McQueen ceased being a member of the Health, Safety and Environment and Reserves Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) is, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), and that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed nominee 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.

Bankruptcies

Except as disclosed below, to the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such person): (a) is, as of the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee.

Ian D. Bruce was a director of Laricina Energy Limited ("Laricina"), a junior oil sands private company from 2013 to 2017. Laricina was under a *Companies' Creditors Arrangement Act* ("CCAA") protection order from March 26, 2015 to February 1, 2016.

Derek W. Evans was a director (until his resignation in January 2016) of Endurance Energy Ltd. (a private oil and gas company) that sought protection under the CCAA in May 2016.

Robert B. Hodgins was formerly a director of Skope Energy Inc. ("Skope"), a TSX listed company, which in November 2012, commenced proceedings in the Court of Queen's Bench of Alberta under the CCAA, to implement a restructuring which was completed on February 19, 2013. Mr. Hodgins ceased to be a director of Skope on February 19, 2013.

Jeffrey J. McCaig was a director of Orbus Pharma Inc. ("Orbus"), an NEX listed company, which in May 2010 commenced proposal proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) by filing a notice of intention to make a proposal. A proposal was submitted to and approved by the creditors of Orbus in September 2010 and was approved on October 10, 2010.

Penalties or Sanctions

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such person) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for such proposed nominee.

DIRECTOR COMPENSATION

General

The Corporation's compensation program is designed to attract and retain the most qualified people to serve on the Corporation's Board and its committees and takes into account the risks and responsibilities of being an effective director. The Board sets the compensation of independent directors based on the Compensation Committee's recommendations. The Compensation Committee regularly reviews the compensation of independent directors and recommends to the Board such adjustments as it considers appropriate and necessary to recognize the workload, time commitment and responsibilities of the Board and committee members and to remain competitive with director compensation trends.

2019 Director Compensation Structure

For 2019, the Board's director compensation policies provided that independent directors are paid an annual retainer of \$40,000, with the exception of the Chairman of the Board who is paid an annual retainer of \$135,000. In addition to the annual retainer, independent directors are paid: (i) a fee of \$1,500 for each Board meeting attended; (ii) a fee of \$1,500 for each Board committee meeting attended; (iii) an annual retainer of \$20,000 and \$7,000 for the chair and members of the Audit Committee, respectively; (iv) an annual retainer of \$15,000 and \$5,000 for the chair and members of the Compensation Committee, respectively; and (v) an annual retainer of \$10,000 and \$5,000 for the chair and members of all other committees and ad hoc committees of the Board, respectively. The Corporation reimburses independent directors for all reasonable expenses incurred in order to attend meetings. From time to time, the Board, in its discretion, may also compensate independent directors with fees for their services on Board projects or other ad hoc committees of the Board.

Independent directors are also eligible to participate in the Corporation's DSU Plan and RSU Plans. Although historically independent directors have been eligible to participate in the Corporation's Option Plan, no Options have been granted to independent directors since 2012 and effective June 2, 2016 independent directors were no longer eligible to participate in the Option Plan. For LTI awards made to independent directors in 2013 and 2014, 35% was granted in the form of DSUs and 65% in the form of RSUs. For LTI awards made to independent directors in 2015, 2016 and 2017, 50% was granted in the form of DSUs and 50% in the form of RSUs. For LTI awards made to independent directors in 2018 and 2019, an election was introduced allowing each director to elect to receive up to 50% in the form of RSUs and the balance in DSUs. In 2017 and 2018, the Board Chair received an annual Share-based award of \$210,000 per year and the other independent directors received an annual Share-based award of \$130,000. At the Board Chair's request, on March 7, 2019, the Board approved a reduction of the annual Share-based award to the Board Chair from \$210,000 per year to \$150,000 per year for future years, including 2019.

The Corporation's President and CEO did not receive compensation for serving as a director of the Corporation. For information regarding the compensation received by Mr. Evans in 2019 in his capacity as President and CEO, refer to *"Executive Compensation"*.

Changes to Director Compensation Structure in 2020

The Compensation Committee retained the services of Meridian Compensation Partners in 2020 to provide expertise and advice on a compensation market review for independent directors. For this study, the Committee mandated Meridian Compensation Partners to review the level and form of, and trends, in directors' compensation among the Corporation's compensation peer group with a view to aligning the Corporation's total director compensation to that of the median of its comparable market. Following the completion of the review and based upon the advice of the Compensation Committee, the Board approved revisions to independent directors' compensation, which became effective on January 1, 2020 and which consists of an all-inclusive annual retainer structure comprising both a cash and an equity component. Board and committee meeting attendance fees were eliminated and the flat-fee compensation structure will apply in 2020 and thereafter regardless of the number of meetings attended by directors. The flat-fee approach is consistent with the compensation trends of the Corporation's compensation peer group, reduces variability of director fees, promotes objectivity and independence, reflects the expected time commitment of directors, and enhances alignment of director compensation with the interests of Shareholders.

Each director may elect to receive all or a portion of his or her annual base cash retainer in DSUs, and each director may elect to receive up to 50% of his or her annual equity retainer in the form of RSUs and the balance in DSUs.

The following table sets out the new compensation structure for the Corporation's independent directors effective as of January 1, 2020⁽¹⁾:

Board Fees for Independent Directors	Chair	Member
Annual Base Cash Retainer ⁽²⁾	\$165,000	\$70,000
Annual Equity Retainer ⁽³⁾	\$150,000	\$130,000
Committee Fees for Independent Directors		
Annual Retainer for Audit Committee	\$20,000	\$10,000
Annual Retainer for All Other Committees	\$15,000	\$7,000
Meeting Fees		
The Corporation has eliminated meeting fees for 2020		

Notes:

- (1) Annual retainers are pro-rated for periods of partial service.
- (2) Directors may elect to receive up to 100% of their annual base cash retainer in the form of DSUs that are granted quarterly.
- (3) Directors may elect to receive up to 50% of their annual equity retainer in the form of RSUs (granted annually) with the balance (up to 100%) in the form of DSUs (granted quarterly).

Consistent with the director compensation structure in place in 2019, the Corporation's President and CEO does not receive compensation for serving as a director of the Corporation under the revised structure.

In response to the COVID-19 pandemic and associated collapse in world oil demand and oil prices, the Corporation has reduced the 2020 annual equity retainer for independent directors by 20% and the annual base cash retainer for independent directors have been reduced by 25% effective June 1, 2020 – see *"Letter From Our Compensation Committee"*.

Share-Based Compensation

Independent directors can elect to receive their annual equity retainer in the form of DSUs and RSUs. Any election to receive RSUs is subject to a limit of fifty percent (50%) of the annual equity retainer. Directors may also elect to receive their annual base cash retainer in DSUs.

DSUs

DSUs are cash-based bookkeeping entries on the books of the Corporation. Each DSU represents a notional share of the Corporation and the number of DSUs granted is determined by dividing the dollar amount of the grant by the volume weighted average price of the Shares on the TSX for the five trading days immediately preceding the grant date. When a director holding DSUs ceases to be a director of the Corporation, the director is paid the current cash equivalent of the market price per Share as calculated in accordance with the DSU Plan. For further details, see *"Long-Term Equity Incentive Plans"*.

RSUs

The number of RSUs granted to directors is determined by dividing the dollar amount of the grant by the volume weighted average price of the Shares on the TSX for the five trading days immediately preceding the grant date. The RSUs vest in thirds over three years and, upon vesting, will be settled for Shares or cash at the sole election of the Board. For further details, see *"Long-Term Equity Incentive Plans"*.

Summary Compensation Table – Directors

The following table sets out the compensation paid by the Corporation to its directors, other than Mr. Evans, during the year ended December 31, 2019.

Name	Fees Earned ⁽¹⁾ (\$)	Share-Based Awards ⁽²⁾ (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value ⁽³⁾ (\$)	All Other Compensation (\$)	Total Compensation (\$)
Grant D. Billing ⁽⁴⁾	45,333	108,336	-	-	-	-	153,669
Ian D. Bruce ⁽⁴⁾	43,833	108,336	-	-	-	-	152,169
Harvey Doerr	95,500	108,332	-	-	-	-	203,832
Judy A. Fairburn ⁽⁴⁾	32,250	108,336	-	-	-	-	140,586
Robert B. Hodgins	124,417	108,336	-	-	-	-	232,753
Timothy Hodgson ⁽⁵⁾	66,000	-	-	-	-	-	66,000
William R. Klesse	69,500	108,336	-	-	-	-	177,836
David B. Krieger ⁽⁶⁾⁽⁷⁾	38,333	-	-	-	-	-	38,333
Jeffrey J. McCaig	150,000	124,999	-	-	-	-	274,999
James D. McFarland	110,333	108,332	-	-	-	-	218,665
Diana J. McQueen	120,333	108,336	-	-	-	-	228,669

Notes:

- (1) "Fees Earned" includes the annual base retainer plus meeting fees for the year.
- (2) All Share-based awards were granted pursuant to the RSU Plans and DSU Plan in the form of either RSUs or DSUs. The fair values of the Share-based awards shown were calculated by multiplying the total number of units granted to a director on the grant date by the volume weighted average price of the Shares for the five trading days prior to the grant date. The 2019 grant to the independent directors is a 10-month grant to reflect the Corporation's decision to change the annual LTI program date from June to April to align with the timing of the annual compensation cycle (salary and bonus program recommendations) for the Corporation's executives.
- (3) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its directors.
- (4) Messrs. Billing and Bruce and Ms. Fairburn were first elected as directors of the Corporation on June 13, 2019.
- (5) Mr. Hodgson ceased to be a director as of June 13, 2019.
- (6) The fees and net proceeds from Options, RSUs and DSUs held by Mr. Krieger in his capacity as director are for the benefit of WP LLC.
- (7) Mr. Krieger ceased to be a director as of June 13, 2019.

Outstanding Share-Based and Option-Based Awards - Directors

The following table sets forth information regarding all Options, RSUs and DSUs held by each director, other than Mr. Evans, as of December 31, 2019.

	Option-Based Awards				Share-Based Awards		
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options(\$)	Number of Shares or Units of Shares that have not Vested ⁽¹⁾ (#)	Market or Payout Value of Share-based Awards that have not Vested ⁽²⁾ (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed (\$) ⁽²⁾⁽³⁾
Grant D. Billing ⁽⁴⁾	-	n/a	n/a	-	11,853	87,475	87,475
Ian D. Bruce ⁽⁴⁾	-	n/a	n/a	-	11,853	87,475	87,475
Harvey Doerr	-	n/a	n/a	-	25,552	188,574	406,697
Judy A. Fairburn ⁽⁴⁾	-	n/a	n/a	-	11,853	87,475	87,475
Robert B. Hodgins	-	n/a	n/a	-	21,136	155,984	369,044
Timothy Hodgson ⁽⁵⁾	-	n/a	n/a	-	4,783	35,299	-
William R. Klesse	-	n/a	n/a	-	21,136	155,984	326,041
David B. Krieger ⁽⁶⁾⁽⁷⁾	-	n/a	n/a	-	4,783	35,299	-
Jeffrey J. McCaig	-	n/a	n/a	-	7,727	57,025	698,244
James D. McFarland	-	n/a	n/a	-	4,783	35,299	506,327
Diana J. McQueen	-	n/a	n/a	-	16,636	122,774	417,730

Notes:

- (1) Includes RSUs granted under the cash-settled RSU Plan and under the treasury-settled RSU Plan.
- (2) The Fair Market Value (as defined in the RSU Plans and the DSU Plan) of the Shares on December 31, 2019 was \$7.38 per Share.
- (3) Includes DSUs granted under the DSU Plan.
- (4) Messrs. Billing and Bruce and Ms. Fairburn were first elected as directors of the Corporation on June 13, 2019.
- (5) Mr. Hodgson ceased to be a director as of June 13, 2019.
- (6) The net proceeds from Options, RSUs and DSUs held by Mr. Krieger in his capacity as director are for the benefit of WP LLC.
- (7) Mr. Krieger ceased to be a director as of June 13, 2019.

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

The following table sets forth information in respect of the value of Options and Share-based awards held by the directors of the Corporation, other than Mr. Evans, that vested during the year ended December 31, 2019 and non-equity incentive plan compensation earned by such directors during the year ended December 31, 2019.

	Value Vested During Year (\$)		
	Option-Based Awards	Share-Based Awards ⁽⁴⁾⁽⁵⁾	Non-Equity Incentive Plan Compensation
Grant D. Billing	-	54,168	-
Ian D. Bruce	-	54,168	-
Harvey Doerr	-	190,747	-
Judy A. Fairburn	-	54,168	-
Robert B. Hodgins	-	100,656	-
Timothy Hodgson ⁽¹⁾	-	38,565	-
William R. Klesse	-	102,496	-
David B. Krieger ⁽²⁾⁽³⁾	-	36,725	-
Jeffrey J. McCaig	-	184,319	-
James D. McFarland	-	145,057	-
Diana J. McQueen	-	90,893	-

Notes:

- (1) Mr. Hodgson ceased to be a director as of June 13, 2019.
- (2) The net proceeds from Options, RSUs and DSUs held by Mr. Krieger in his capacity as director are for the benefit of WP LLC.
- (3) Mr. Krieger ceased to be a director as of June 13, 2019.
- (4) The 2019 grant to the independent directors is a 10-month grant to reflect the Corporation's decision to change the annual LTI program date from June to April to align with the timing of the annual compensation cycle (salary and bonus program recommendations) for the Corporation's executives.
- (5) DSUs granted to directors vest immediately and RSUs granted to directors vest in thirds over three years. Accordingly, the value in this column is the sum of the value of DSUs granted in 2019 plus the value of the RSUs vested during 2019. The value of DSUs was calculated by multiplying the number of DSUs granted by the market price at the time of grant. DSUs can only be exercised in accordance with the terms of the DSU Plan once a director ceases to be a member of the Board. The value of RSUs was calculated by multiplying the number of RSUs that vested by the market price on the date of settlement. RSUs are settled when vested or at such other date as determined by the Board at the time of grant, not later than December 15 of the third year following the date of grant.

2019 Director Share Ownership Guidelines

For 2019, the Corporation's share ownership guidelines (the "Director Guidelines") for its independent directors provided that each independent director is required to hold an investment position in the Shares of the Corporation (which may include holdings of DSUs and RSUs) at least equal in value to three times (3X) the base annual retainer (or a value of \$405,000 and \$120,000 for the Chair and other independent directors, respectively), based on the market price of Shares. Each independent director is required to achieve the required investment position within a five-year period, commencing the first year he or she is elected as a director, with a minimum of one-fifth of the ownership requirement being attained by the end of each of the five years. Compliance with the Director Guidelines is measured on the first trading day of each calendar year, using the director's base annual retainer then in effect and the closing price of the Shares on that day. Once the required investment position has been achieved, or any investment position has been allocated toward compliance, the director is deemed compliant (partially or fully, as applicable) with the Director Guidelines notwithstanding any subsequent decrease in the market price of the Shares.

As described in the following table, all independent directors nominated for election at the Meeting are in compliance with the Director Guidelines as at January 2, 2020.

Name	Years of Service ⁽¹⁾	Ownership Requirement (\$)	Shares (#)	DSUs (#)	Total Value of Equity Investment (excluding RSUs) ⁽²⁾ (\$)	RSUs (#)	Total Value of Equity Investment (including RSUs) ⁽²⁾ (\$)	Multiple of Ownership Requirement (#)	Complies with Guidelines ⁽³⁾
Grant D. Billing	1	24,000	-	11,853	87,001	11,853	174,002	7.3	yes
Ian D. Bruce	1	24,000	100,000	11,853	821,001	11,853	908,002	37.8	yes
Harvey Doerr ⁽⁴⁾	5	120,000	58,119	55,108	831,086	25,552	1,018,638	8.5	yes
Judy A. Fairburn	1	24,000	11,300	11,853	169,943	11,853	256,944	10.7	yes
Robert B. Hodgins	5	120,000	11,796	50,006	453,627	21,136	608,765	5.0	yes
William R. Klesse	4	96,000	275,000	44,179	2,342,774	21,136	2,497,912	26.0	yes
Susan M. MacKenzie	n/a ⁽⁵⁾								
Jeffrey J. McCaig	5	405,000	591,169	94,613	5,033,640	7,727	5,090,356	12.6	yes
James D. McFarland	5	120,000	25,426	68,608	690,210	4,783	725,317	6.0	yes
Diana J. McQueen	5	120,000	23,767	56,603	589,916	16,636	712,024	5.9	yes

Notes:

- (1) Represents years of service with respect to the Director Guidelines to a maximum of five (5).
- (2) The closing price of the Shares on January 2, 2020 was \$7.34 per Share. The values of Shares, DSUs and RSUs are calculated by multiplying the total number of Shares or units by the January 2, 2020 closing price.
- (3) Pursuant to the Director Guidelines, the requirement for each of Grant D. Billing, Ian D. Bruce and Judy A. Fairburn is currently one-fifth of total ownership requirement, and the requirement for William R. Klesse is currently four-fifths of total ownership requirement. For each other director, the requirement is the total ownership requirement.
- (4) Mr. Doerr is not standing for re-election as a director in 2020.
- (5) Ms. MacKenzie is being nominated for election to the Board at the Meeting.

Changes to Director Share Ownership Guidelines in 2020

The Corporation significantly increased its share ownership guidelines for its independent directors (the "Revised Director Guidelines") effective May 4, 2020. Each independent director is required to hold an investment position in the Shares of the Corporation (which may include holdings of DSUs and RSUs) at least equal in value to three times (3X) that director's annual retainer including both cash and equity components (or a value of \$945,000 and \$600,000 for the Chair and other independent directors, respectively). Each director will be required to achieve the Revised Director Guidelines within a five-year period from the effective date of the Revised Director Guidelines in the case of existing directors and within five years of his or her election to the Board in the case of a new director. In determining compliance with the Revised Director Guidelines, an independent director's investment position is measured using the greater of acquisition cost or current market value.

DIRECTOR SHARE OWNERSHIP GUIDELINES		
	2019	NEW FOR 2020
Chair	\$405,000	\$945,000
Member	\$120,000	\$600,000

Director Retirement Policy

The Corporation has adopted a policy governing the treatment of LTI on retirement (the "Director Retirement Policy") applicable to an independent director who resigns and who has a minimum of two continuous years of service as a director of the Corporation as of the date of resignation, and either provided written notice of his or her resignation at least one fiscal quarter prior to the effective date of his or her resignation to the Board Chair and the CEO (or the CEO in the case of a resignation by the Board Chair) or is deemed to have resigned pursuant to the Director Tenure Policy and such resignation is accepted by the Board. In such circumstances, all RSUs granted to the director in respect of the year of resignation will be pro-rated to the date of retirement and all unvested RSUs held by the director will continue to vest and be paid out for a three-year period following the effective date of resignation. All outstanding DSUs will vest in accordance with the terms of the DSU Plan. See "Appendix C – Summary of DSU Plan, Option Plan and RSU Plans".

EXECUTIVE COMPENSATION

LETTER FROM OUR COMPENSATION COMMITTEE

Dear Fellow Shareholders:

The Compensation Committee (the “Committee”) is pleased to provide you with an overview of the Corporation’s performance in 2019 and our approach to determining the compensation of the Corporation’s executive officers in 2019. The Compensation Discussion and Analysis presented below sets out the Corporation’s executive compensation philosophy and practices and how they were considered when reaching decisions regarding compensation paid to the Corporation’s executives.

The Corporation’s executive compensation program and policies are designed to attract and retain the talented individuals at a competitive cost to the Corporation and to ensure they are motivated to pursue our goal of delivering long-term shareholder value. In addition, the Corporation is committed to ensuring there is a strong and direct link between the Corporation’s financial results, shareholder value creation and the resulting executive compensation. This alignment between shareholder value creation and the compensation of our executives is demonstrated in the Corporation’s look-back table, which can be found under the heading “*Compensation of Named Executive Officers – Total Direct Compensation – Pay Opportunity vs. Realizable/Realized Pay*”.

2019 Executive Compensation Decisions

Leading into 2019, and in order to align with long-term shareholder experience, the Board elected to freeze base salaries of the Corporation’s executive officers at 2018 levels. The salaries of the Corporation’s NEOs have been increased only once in the past four years (in January 2018). In addition, during 2019, the Corporation reorganized and reduced the size of its executive team by 43%, broadening the scope of responsibility for many executives to support cost reduction targets with a nimble, collaborative leadership team. These staff changes were part of a broader restructuring effort which reduced the Corporation’s permanent employees by 13% and general and administrative (“G&A”) expenses by 18%. As a result of these staff reductions and a realignment of the Corporation’s long-term incentive grant cycle, the 2019 long-term incentive grant value was reduced by over 30% from the prior year.

The Corporate Performance Scorecard approved by the Board for 2019 focused on environmental, social and governance (ESG) matters, including health, safety and environment measures, as well as a low cost structure, profitability and balance sheet management. These measures included the addition of G&A expenses per barrel and return on average capital employed to the scorecard.

The Corporation had a very strong performance in 2019 and delivered upon its strategic objective of improving overall cost efficiencies, preserving financial liquidity and enhancing the Corporation’s competitive position. During 2019, the Corporation repaid \$501 million of long-term debt and entered into a new modified-covenant-lite 5-year credit facility. Subsequent to year-end, the Corporation successfully refinanced US\$1.2 billion of existing indebtedness and repaid an additional \$132 million of long-term debt. Throughout the period, the Corporation significantly reduced ongoing G&A expenses and achieved record low annual non-energy operating costs.

The Corporation’s performance in 2019 resulted in a corporate scorecard performance factor of 175%. This corporate performance factor is the highest achieved by the Corporation since it commenced utilizing a balanced corporate scorecard in its compensation program. Nevertheless, given the continuing challenges facing the Corporation and the oil and gas industry in Alberta in early 2020, and in order to align with long-term shareholder experience, the Board elected to exercise its discretion and approved a reduced corporate performance factor of 165% to determine short-term incentive awards (cash bonus) paid in late February 2020.

With respect to the CEO's compensation, in 2019 the Corporation adopted CEO objectives which are fully transparent to both employees and Shareholders and adjusted the CEO short-term incentive weighting from 100% corporate performance to 80% corporate performance and 20% individual performance. The purpose of the CEO objectives is to set the "tone from the top" and to ensure that alignment on the Corporation's strategic objectives exists throughout the entire organization. As described in more detail under the heading "*Compensation Discussion and Analysis – 2019 Compensation Performance*", the CEO's objectives for 2019 were also primarily focused on the Corporation's strategic objectives regarding cost management, maintaining long-term liquidity and debt repayment.

The Corporation's strong performance in 2019 is also reflected in its total shareholder return performance relative to its performance peer group during 2019. In particular, the Corporation's total shareholder return of 25.6% from the period commencing on January 17, 2019, the date the Husky Energy Inc. take-over bid offer was withdrawn, to December 31, 2019 positioned the Corporation at the 96th percentile among the 17 industry competitors that comprise the Corporation's performance peer group.

Looking Forward

While the Corporation is proud of its accomplishments in 2019, which supported strong employee cash bonus awards in February 2020 for 2019 performance, it now faces new challenges in 2020 as a result of the COVID-19 pandemic and the associated collapse in world oil demand and oil prices. This turn of events will have a profound impact on the Corporation's 2020 business plan and compensation program. In response, the Corporation has developed new operating procedures at Christina Lake and Calgary to minimize the spread of the virus, reduced capital expenditures, developed contingency plans to manage a range of production levels to maintain profitability and continuity of operations, and implemented further steps to reduce costs. These cost measures include a 20% reduction in the value of the target 2020 long-term incentive awards granted to employees and directors on April 1, 2020, and effective June 1, 2020, a 25% reduction in annual board cash retainers and rollbacks of employee salaries across the organization, as follows: 25% for the CEO; 15% for the CFO and COO, 12% for other executives and 7.5% for all other employees. Notwithstanding the unprecedented near-term challenge of COVID-19 and the immediate steps required to sustain the business, the Corporation will not lose sight of its strategic focus on maintaining long-term liquidity while pursuing ongoing debt repayment to the extent possible and achieving further progress on ESG matters in the following areas: (a) creating innovative solutions to reduce greenhouse gas (GHG) emissions and adhering to best practices in the areas of health, safety and the environment; and (b) developing strong relationships with Indigenous and local communities and building an ethical, respectful, diverse and inclusive workplace.

The Board believes the Corporation's compensation program supports these long-term strategic objectives while being responsive to near-term challenges and aligns the interests of the Corporation's executives with those of shareholders. As always, we welcome your feedback on MEG's executive compensation program.

JAMES D. MCFARLAND, Compensation Committee Chair

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Significant Financial Accomplishments in 2019

Consistent with the Corporation's strategic focus on maintaining long-term financial liquidity while pursuing ongoing debt repayment, significant accomplishments during 2019 include:

- The Corporation amended and restated its revolving credit facility and its Export Development Canada letter of credit facility and extended the maturity date of each facility by 2.75 years to July 30, 2024. The total borrowing capacity available under the two facilities was reduced to \$1.3 billion, comprised of \$800 million under the revolving credit facility and \$500 million under the letter of credit facility;
- The Corporation repaid \$633 million (US\$479 million) of long-term debt including \$501 million (US\$379 million) of long-term debt in 2019 and an additional \$132 million (US\$100 million) in the first quarter of 2020. This was accomplished through the repayment of the senior secured term loan balance of \$297 million (US\$225 million) and the repurchase and extinguishment of the 6.5% senior secured second lien notes due January 2025 of \$204 million (US\$154 million) during the second half of 2019 and \$132 million (US\$100 million) in the first quarter of 2020;
- On January 31, 2020, the Corporation successfully closed a private offering of US\$1.2 billion in aggregate principal amount of 7.125% senior unsecured notes due February 2027. The net proceeds of the offering, together with cash on hand, were used to fully redeem US\$800 million in aggregate principal amount of 6.375% senior unsecured notes due January 2023 and partially redeem US\$400 million of the US\$1.0 billion aggregate principal amount of 7.0% senior unsecured notes due March 2024;
- The Corporation currently expects annual interest and credit fee savings resulting from the refinancing transactions and debt repayments to be approximately \$45 million annually; and
- The Corporation generated a total shareholder return of 25.6% from the period commencing on January 17, 2019, the date the Husky Energy Inc. take-over bid offer was withdrawn, to December 31, 2019.

Operational Results

Bitumen production averaged 93,082 bbls/d in 2019 compared to 87,731 bbls/d in 2018. Production in 2019 was impacted by curtailment limits imposed by the Government of Alberta, which the Corporation was partially able to mitigate through the purchase of third-party curtailment credits, allowing the Corporation to produce at levels above its government-mandated limits. Non-energy operating costs averaged a record low of \$4.61 per barrel in 2019 as the Corporation continued to drive efficiency gains into its operations while maintaining production levels. Annual net operating costs in 2019 averaged \$5.24 per barrel, a 3% increase compared to 2018, directly impacted by higher natural gas purchase prices which were partially offset by higher sales of surplus power from the Corporation's cogeneration facilities. G&A expenses were \$68 million, or \$1.99 per barrel of production, in 2019 compared to \$83 million, or \$2.58 per barrel of production, in 2018. The \$15 million decrease in aggregate G&A expenses year over year is primarily due to the reduction of staffing levels and rationalization of ongoing administrative costs.

Sustainability

The Corporation continued to advance reservoir recovery technologies in 2019. The Corporation's proprietary eMSGAP technology was used on a commercial scale to boost production while lowering the Corporation's cash costs and environmental footprint. This technology involves co-injecting a non-condensable gas into the reservoir with steam. Once there is sufficient heat in the reservoir, the non-condensable gas helps maintain pressure and reduces the steam-oil ratio and frees up steam to be redeployed into new SAGD well pairs, thereby improving capital efficiency and reducing emissions.

In 2019, the Corporation continued testing its eMVAPEX technology. This proprietary technology, if proven successful through expanded pilot operations, will further enhance the Corporation's growth potential by reducing

capital requirements, while minimizing environmental impacts to land, air and water. In 2019, the expanded eMVAPEX pilot continued operating with propane recycling facilities. The eMVAPEX pilot is funded in part through government grants received from Alberta Innovates, Natural Resources Canada, Emissions Reduction Alberta, and Sustainable Development Technology Canada.

Environmental, Social and Governance Matters

The Corporation published its first ESG report in 2019, which provides details on the Corporation's approach with respect to ESG related issues. This report is available in the "Sustainability" section of the Corporation's website at www.megenergy.com.

Linking Business Results to Compensation

In formulating its decisions regarding executive compensation, the Board wanted to ensure that the Corporation's strong performance in 2019 was appropriately recognized, and at the same time take steps to best position the Corporation to advance its key strategic objectives. The Board also wanted to ensure that its pay-for-performance practices were clear, objective, defensible and aligned with modern governance standards. As a result, the Corporation took the following workforce and compensation actions in 2019:

- **Continued Workforce Reductions.** The Corporation reorganized and reduced the size of its executive team by 43% and reduced the Corporation's permanent employees by 13% consistent with its de-emphasis on production growth in the near-term;
- **Continued Base Salary Freezes.** The Board elected to continue the base salary freeze for the Corporation's executive officers in 2019, other than salary increases associated with an increase in responsibilities;
- **Applied Downward Discretion to the Corporate Performance Factor.** The Board elected to apply downward discretion to the 2019 corporate performance factor calculated under the Corporation's annual short-term incentive compensation program. The factor was reduced from a calculated 175% to 165%;
- **Enhanced CEO Pay for Performance.** The Board adopted CEO objectives which are fully transparent to both employees and Shareholders and adjusted the CEO short-term incentive weighting from 100% corporate performance to 80% corporate performance and 20% individual performance;
- **Implemented Share Ownership Guidelines for Executives.** The Board implemented share ownership guidelines for all executives: five times salary for the CEO; three times salary for the CFO, Chief Operating Officer and Senior Vice Presidents; and two times salary for all other executives;
- **Double-Trigger for Change of Control.** The Corporation amended its LTI for grants after June 13, 2019 to require double-trigger vesting upon a change of control; and
- **Reduced Share Reserve for Equity Plans.** The Corporation reduced the share reserve for its Option Plan and RSU Plans from 6% to 5%.

In addition, the Corporation took the following workforce and compensation actions in 2020, both prior to and in response to the COVID-19 pandemic:

- **Increased Director Share Ownership Guidelines for Directors.** The Board adopted increased share ownership guidelines for directors, resulting in a five-fold increase in the required share ownership levels;
- **Reduced 2020 LTI Grants by Twenty Percent (20%) in response to COVID-19 Pandemic and Global Oil Prices.** The Board reduced the level of the target 2020 LTI awards granted to employees and directors on April 1, 2020 by twenty percent (20%);
- **Eliminated Stock Options as part of its 2020 LTI compensation for all Employees.** In response to the COVID-19 pandemic and reduction in global oil prices, the Corporation eliminated the use of stock options as part of its 2020 LTI mix; and

- **Reduced Employee Salaries and Director Compensation in response to COVID-19 Pandemic and Global Oil Prices.** Effective June 1, 2020, the Board reduced Board base cash retainers by twenty-five percent (25%) and reduced salaries across the organization as follows: twenty-five percent (25%) for CEO, fifteen percent (15%) for CFO and COO, twelve percent (12%) for all other executives, and seven and a half percent (7.5%) for all other employees.

Compensation Philosophy

The Corporation believes that its success is dependent on its ability to attract, retain and motivate a dedicated group of high performing employees and top management and quality directors. Accordingly, the Corporation's compensation programs are designed to be competitive within the marketplace, to reward employees and management for achievements and duration of service to the Corporation and to promote alignment of interests between the directors, officers and employees of the Corporation and Shareholders of the Corporation.

In order to achieve this objective, the Corporation's model of executive compensation is focused on embedding a direct correlation between executive pay and corporate performance in order to align executive strategic focus with the interests of Shareholders. The Corporation's executive compensation is designed to include a combination of fixed and variable or 'at risk' components. The 'at risk' components achieve the Corporation's objective of establishing performance-based compensation by linking the payout of short-term and long-term incentives to satisfaction of specified and transparent corporate objectives. Such corporate objectives are linked directly to the Corporation's strategic objectives and have been shaped based on feedback gained through Shareholder engagement undertaken by the Board and management.

Compensation Governance

Role of the Board and Compensation Committee

The Board oversees the executive compensation program and approves the corporate objectives upon which such program is based. With respect to the compensation of executive officers other than the CEO, the Board solicits input from the CEO as well as a recommendation from the Compensation Committee. With respect to the compensation of the CEO, the Board solicits a recommendation from the Compensation Committee alone.

In 2019, the Compensation Committee was comprised of three independent directors: James D. McFarland (Chair), Diana J. McQueen, Robert B. Hodgins who served as a member of the Committee from January 1, 2019 to June 13, 2019 and Ian D. Bruce who served as a member of the Committee from June 13, 2019 to December 31, 2019. Members of the Compensation Committee have gained experience in executive compensation matters through their roles as senior executives in industry, public sector leadership, and/or directors of numerous organizations and have direct experience in establishing and operating executive and corporate compensation programs. Further information regarding the skills and experience of each member of the Compensation Committee is set out under "*Corporate Governance Practices – Skills Assessment and Nomination.*"

The Compensation Committee's primary responsibilities are as follows:

- review the compensation policies and guidelines for the Corporation and the Corporation's corporate goals and objectives relevant to compensation, and then make recommendations to the Board;
- review and recommend for approval by the Board the salaries and compensation of the Corporation's executive officers along with the Corporation's employee benefits and bonus plans;
- review and recommend for approval by the Board the grants of all equity-based compensation;
- review and recommend for approval by the Board the compensation arrangements for the directors of the Corporation, the Board Chair and the chair and members of each committee of the Board; and
- review and recommend for approval by the Board the executive compensation disclosure of the Corporation in its management information circular.

Compensation Consultants and Advisors

As part of the 2019 compensation review process, the Compensation Committee relied on input from management and market information provided by Mercer (Canada) Limited ("Mercer") in the Mercer Total Compensation Survey for the Energy Industry (the "Mercer Survey"), the annual Willis Towers Watson ("Towers") survey, and other industry surveys. The Corporation also established a compensation peer group (the "Compensation Peer Group") to assess the competitiveness of its compensation programs and policies, establish target incentives and determine total compensation, including base salary, annual short-term incentives (cash bonuses) and long-term incentives (LTI grants) for each of its executive officers. The Corporation generally targets total direct compensation, including base salary, cash bonuses and LTI grants, to the 50th percentile of the Compensation Peer Group for the executive roles within the Corporation. Notwithstanding the foregoing, compensation levels for some key positions are adjusted from the applicable target level due to the experience, scope, demand for and contribution of the particular individual.

Each position in the Corporation is benchmarked or matched to a corresponding role in the Mercer Survey. Each senior executive position is also matched to a corresponding senior executive role in the management information circulars of the Corporation's Compensation Peer Group. The compensation data for these matches is used to provide guidance on base salary, annual cash bonus and LTI grants. Management then makes recommendations to the Compensation Committee, based on these benchmarking results and the performance and contribution of the senior executive. The Compensation Committee then reviews the recommendations and adjusts as appropriate and makes a recommendation to the Board for approval. In the case of the CEO, the Compensation Committee reviews the CEO self-assessment and Board assessment of CEO performance, the relevant industry and Compensation Peer Group data and the overall performance of the Corporation prior to determining its recommendation to the Board related to CEO compensation.

The Compensation Committee also engaged Mercer in 2019 to provide targeted advice regarding the compensation of Corporation's executive officers and directors. Services included commenting on governance matters and advising on the information provided to the Compensation Committee concerning compensation of the Corporation's executive officers. Mercer also provided consulting services to management relating to the Corporation's benefits programs pertaining to all employees. Neither the Board nor the Compensation Committee pre-approves other services provided to the Corporation at the request of management.

The following table provides information regarding the fees paid to Mercer and Towers with respect to services provided to the Compensation Committee and to management for the years ended December 31, 2019 and December 31, 2018.

	Mercer		Towers	
	2019	2018	2019	2018
Executive Compensation Related Fees (\$)	110,202	140,663	-	38,626
All Other Fees ⁽¹⁾ (\$)	78,768	78,174	12,180	-
Total (\$)	188,970	218,837	12,180	38,626

Note:

- (1) Includes consulting fees paid for other matters that apply to the Corporation as a whole, such as commissions on group benefit plans. In 2019, the fees paid to Towers related to the annual Towers survey.

Compensation Risk Mitigation

The features of the Corporation's compensation programs have been designed to foster decisions and actions that result in the creation of both near-term and long-term Shareholder value. Additionally, the Corporation's executive compensation design process includes the following structural measures which are intended to discourage short-term thinking or excessive risk-taking by executives:

- Annual review and consideration by Compensation Committee and Board of executive compensation policies and practices relative to appropriate industry peers;

- Blend of short-term and long-term variable incentive programs with varied vesting periods to incent long term motivation for decision making; and
- Blend of compensation criteria tied to 'at risk' compensation that are based on measures over which no single executive has full control.

Anti-Hedging Policy

In addition to the foregoing structural measures, the Corporation's anti-hedging policy prohibits directors and executives of the Corporation from purchasing any financial instrument designed to hedge or offset a decrease in market value equity securities granted as compensation, or held, directly or indirectly, by any director or officer.

Clawback Policy

The Corporation's Clawback Policy that provides if the Board determines that an executive of the Corporation has engaged in fraud or intentional illegal misconduct which requires a material restatement of the Corporation's financial results and the restatement results in lower performance-based compensation than what was actually paid or awarded to the executive, then the Board of Directors may recover from the executive the difference between the performance-based compensation paid or awarded and the performance-based compensation calculated based on the restated financial results.

Share Ownership Guidelines

The Corporation has adopted share ownership guidelines for all executives in order to align the interests of executives with the interest of Shareholders. The share ownership guideline for the President and Chief Executive Officer is five times base salary, for the Chief Financial Officer, Chief Operating Officer and Senior Vice Presidents is three times base salary, and for Vice Presidents is two times base salary. These ownership levels are required to be achieved within five years from the date of appointment. See "*Compensation of Named Executive Officers – Executive Share Ownership Guidelines*" for more information on share ownership of the current NEOs.

Compensation Benchmarking

The Corporation generally targets the 50th percentile (P50) of its peer group for total direct compensation for its executives. Having appropriate peer groups to measure against is key to achieving this goal. The Corporation uses two distinct peer groups for purposes of benchmarking different elements of its compensation: a Compensation Peer Group and a Performance Peer Group.

Compensation Peer Group

In 2019, the Compensation Committee, in conjunction with the Board, undertook a review of the Compensation Peer Group. Companies are selected for inclusion in the Compensation Peer Group primarily on the basis of who the Corporation competes with for talent, being those companies from which the Corporation hires its executives from as well as those which are most likely to seek out and hire the Corporation's executives. Keeping compensation competitive with these organizations improves the Corporation's ability to attract and retain its executive workforce. The following selection criteria are used by the Board and have proven effective in identifying organizations that the Corporation competes with for executive talent:

Factors Considered	Selection Criteria
1. Competition History	Historical Source of or Destination for Executive Talent
2. Oil versus Gas Weighting	Strong Oil Weighting (with preference given to those with oil sands/in situ operations)
3. Ownership Type	Publicly Traded on the TSX
4. Industry Sector	Upstream Oil & Gas
5. Location of Headquarters/Operations	Alberta/Western Canada
6. Corporate Size Characteristics	Enterprise Value, Revenue and/or Production

Organizations rarely meet all of the selection criteria, but alignment on most criteria usually indicates that the organization competes with the Corporation for executive talent and is an appropriate peer for compensation benchmarking.

For the Corporation's senior executives, the Corporation typically relies on compensation data disclosed in management information circulars for the companies in the Compensation Peer Group to conduct its pay benchmarking. For the Corporation's other executives, the Corporation relies on the Mercer Survey and other industry surveys. With management information circular benchmarking, data for international subsidiaries is typically not available or included in the analysis. With survey benchmarking, data for international subsidiaries is often available and included in the analysis when appropriate.

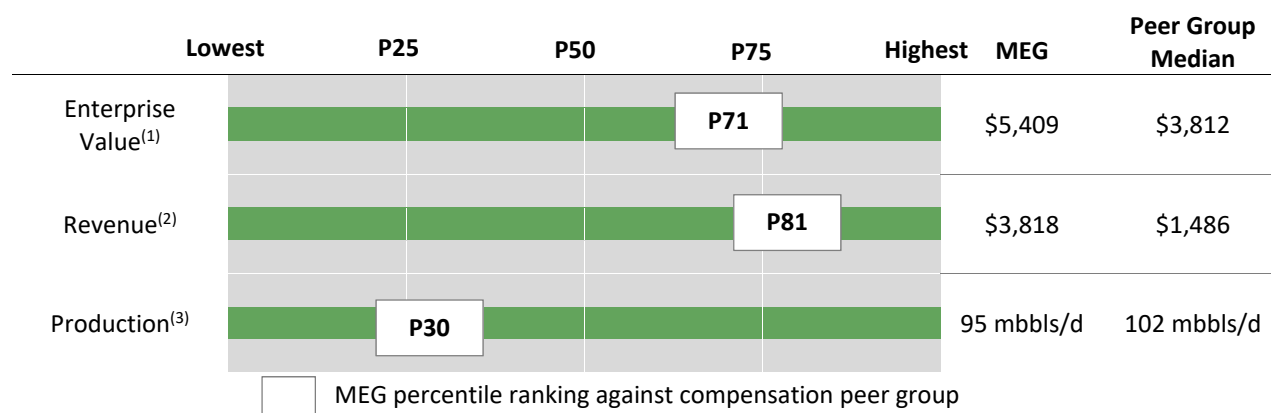
In 2019, the Corporation updated its Compensation Peer Group to be comprised of the following companies:

Canadian Peers ⁽¹⁾		International Peers ⁽²⁾
1. ARC Resources Ltd.	7. Enerplus Corporation	1. BP Energy
2. Athabasca Oil Corporation	8. Pengrowth Energy Corporation	2. ConocoPhillips Canada
3. Baytex Energy Corp.	9. Seven Generations Energy Ltd.	3. Devon Canada
4. Cenovus Energy Inc.	10. Vermilion Energy Inc.	
5. Crescent Point Energy Corp.	11. Whitecap Resources Inc.	
6. Encana Corporation ⁽³⁾		

Notes:

- (1) Peers used to benchmark compensation for the Corporation's senior executives.
- (2) Additional peers used to benchmark compensation for the Corporation's remaining executives (i.e. Vice Presidents).
- (3) Renamed Ovintiv Inc. in October 2019.

The Corporation aims to position itself near the median (P50) of the Compensation Peer Group in terms of corporate size characteristics. The chart below shows the Corporation's positioning on each of enterprise value, revenue and production:



Notes:

- (1) Enterprise Value in \$ million as at December 31, 2019.
- (2) Trailing 12-month revenue in \$ million up to and including Q4 2019.
- (3) Average bitumen production up to and including Q4 2019, in thousands of barrels per day ("mbbls/d").

Performance Peer Group

The Corporation uses a Performance Peer Group that is distinct from the Compensation Peer Group for the purpose of benchmarking relative total shareholder return (TSR) performance under the Corporation's PSU program. See "Components of Executive Compensation" for more information.

Each year, during the first quarter, the Corporation reviews its oil and gas industry peers with the goal of creating a representative peer group with business and risk profiles that are similar to the Corporation. Companies are selected for inclusion in the Performance Peer Group based primarily on how their stock price responds to macroeconomic factors such as oil prices, differentials and apportionment. By selecting companies having similar exposure to the effects of these external factors as the Corporation has, relative share price performance more accurately reflects the actions of management. The following selection criteria were applied in the construction of the 2019 Performance Peer Group:

Factors Considered	Selection Criteria
1. Oil Sands/Oil Weighted Production	Either Oil Sands or Oil Weighted Production (vs. Gas Weighted)
2. Upstream Focus	Not Fully Integrated (with Midstream/Downstream Operations)
3. Ownership Type	Publicly Traded on the TSX
4. Domestic Production Focus	Majority of Production in Western Canada
5. Share Price Behavior	Correlation with MEG Share Price over a Five-Year Period
6. Corporate Size Characteristics	Enterprise Value, Revenue and/or Production

The Corporation's 2019 Performance Peer Group consists of the following 17 organizations:

Performance Peers		
1. ARC Resources Ltd.	7. Enerplus Corporation	13. Pengrowth Energy Corporation
2. Athabasca Oil Corporation	8. Gran Tierra Energy Inc.	14. Tourmaline Oil Corp.
3. Baytex Energy Corp.	9. Husky Energy Inc.	15. TORC Oil & Gas Ltd.
4. Bonavista Energy Corporation	10. Imperial Oil Limited	16. Vermilion Energy Inc.
5. Cenovus Energy Inc.	11. Obsidian Energy Ltd.	17. Whitecap Resources Inc.
6. Encana Corporation ⁽¹⁾	12. Paramount Resources Ltd.	

Note:

(1) Renamed Ovintiv Inc. in October 2019.

Components of Executive Compensation

The compensation package for all executive officers is comprised of base salary, annual short-term incentives (STI), participation in the Corporation's long-term incentive (LTI) plans, participation in benefit plans and other nominal perquisites. All salaries, salary increases, short-term incentives and long-term incentive grants for the NEOs and other executive officers, as applicable, have been reviewed, considered and recommended by the Compensation Committee and, in turn, approved by the Board. The review process includes an analysis relative to the Corporation's Compensation Peer Group to match peer group data for similar job descriptions, with the goal of aligning compensation to the median of the Compensation Peer Group in order to attract and retain qualified and experienced personnel. Further adjustments to compensation are made based primarily on individual and corporate performance.

	Performance Period	Description	Objective
Base Salary (Fixed)	Annual	<ul style="list-style-type: none"> ➤ Compensation related to discharge of duties and based on role, skills and responsibility ➤ Competitively targeted at P50 of Compensation Peer Group for executives ➤ Determined by the Board based on recommendation of Compensation Committee ➤ Discretion may be exercised to account for the shareholder experience when salary increases are being considered. Corporation's executives did not receive a salary increase for 2019, except for selected executives whose responsibilities were increased 	➤ Market competitive feature designed to attract and retain high performing executives
Benefits and Perquisites	Annual	<ul style="list-style-type: none"> ➤ Parking, perquisite allowance, medical and dental benefits, savings plan contributions, executive medical ➤ The Corporation does not have a pension plan 	➤ Market competitive feature designed to attract and retain high performing executives

	Performance Period	Description	Objective
Short-Term Incentives (Variable)	Annual	Cash Bonus <ul style="list-style-type: none"> ➤ Determined using each executive's individual bonus target as a percentage of base salary, weighted between corporate performance scorecard results and individual performance ➤ See discussion below under the heading "<i>Short-Term Incentive Compensation</i>" for targets, corporate vs individual weighting and 2019 Corporate Performance Scorecard results ➤ Intended to motivate and reward executives where they achieve or surpass annual corporate goals 	<ul style="list-style-type: none"> ➤ Motivate and reward executive officers to contribute to the satisfaction of the Corporation's short-term strategic goals
	1-3 Years	Restricted Share Units (RSUs) <ul style="list-style-type: none"> ➤ RSU awards vest and are settled in thirds on the 1st, 2nd and 3rd anniversary of the date of grant. Value upon vest is determined based on 5-day volume weighted average share price leading up to vest date ➤ The Corporation has issued RSUs under both its cash-settled and treasury-settled plans in prior years, as required to stay within its Shareholder approved share reserve. However, in 2020, the Corporation established a corporate objective to issue only treasury-settled RSUs where possible and if not possible to treasury-settle an entire award, to issue treasury-settled RSUs to executives and board of directors members and continue to do so by level as far down the organization as possible ➤ Annual grant 	<ul style="list-style-type: none"> ➤ Provides ability to attract and retain talent while ensuring alignment of executive interest with shareholder interest by linking pay to performance ➤ Offers 'at risk' compensation whereby realized value is directly linked to retention timelines and, in the case of PSUs, to satisfaction of specified performance metrics and to share price performance at vesting ➤ Rewards high performance
Long-Term Incentives ⁽¹⁾ (Variable)	3 Years	Performance Share Units (PSUs) <ul style="list-style-type: none"> ➤ PSU awards are administered under the RSU Plan but have performance conditions attached to them ➤ PSUs become eligible to vest in thirds on the 1st, 2nd and 3rd anniversary of the date of the grant (as adjusted by a multiplier referenced below) with cliff vesting occurring on the 3rd anniversary of the date of the grant ➤ Satisfaction of performance metrics is measured following completion of each performance year included in a grant and leads to a multiplier between 0X and 2X being applied to the award when it becomes eligible to vest (see discussion below for details on PSUs performance measures) ➤ Performance measures set annually for each separate performance period rather than for a single three-year performance period ➤ The Corporation issued PSUs under both its cash-settled and treasury-settled plans in prior years, as required to stay within its Shareholder approved share reserve. However, in 2020, the Corporation established a corporate objective to issue only treasury-settled PSUs where possible and if not possible to treasury-settle the entire award, to issue treasury-settled PSUs to executives and continue to do so by level as far down the organization as possible ➤ Annual grant 	<ul style="list-style-type: none"> ➤ Encourages long-term strategic decision making which is aligned with shareholder interests ➤ Decision to set targets for three annual performance periods rather than for a single three-year performance period is intended to recognize the practical challenges involved in setting meaningful long-term performance targets in the volatile and rapidly changing business environment in which the Corporation operates
	1-3 Years	Stock Options (Options) <ul style="list-style-type: none"> ➤ Option awards vest annually in thirds on the 1st, 2nd and 3rd anniversary of the date of the grant ➤ Annual grant ➤ Awards expire on 7th anniversary of grant date 	

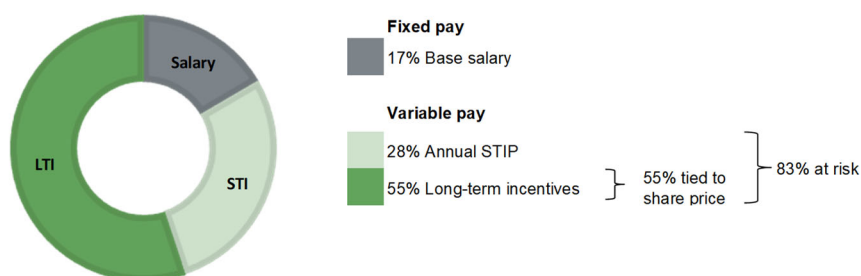
Note:

(1) A detailed description of the material terms of the Corporation's RSU Plans (under which PSUs are also granted) and Stock Option Plan, can be found under the heading "*Long-Term Incentive Plans*".

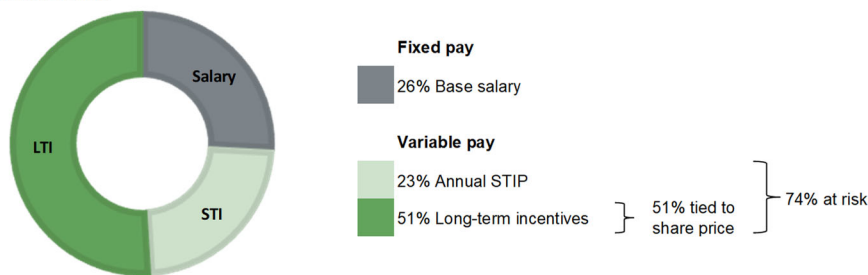
Compensation Mix

The following charts illustrate the proportion of 2019 NEO compensation made up of fixed, short-term variable and long-term variable compensation. The Compensation Committee and the Board believe that the heavy weighting on variable (or "at risk") compensation, the use of a balanced set of measures to determine short-term incentive (STI) payouts, and a mix of LTI instruments supports pay for performance, discourages inappropriate risk taking and fosters retention.

CEO Compensation Mix



NEO Compensation Mix⁽¹⁾



Note:

- (1) NEO compensation mix excludes Mr. Borbridge who ceased to be Sr Vice President, Legal & General Counsel and Corporate Secretary of the Corporation on November 29, 2019

Short-Term Incentive Compensation

The Corporation's STI compensation program is based on the following model:

$$\text{Bonus Payment} = \text{Salary} \times \text{Bonus Target \%} \times \left[\begin{array}{l} \text{Individual Weighting} \\ \times \\ \text{Individual Rating} \end{array} + \begin{array}{l} \text{Corporate Weighting} \\ \times \\ \text{Corporate Rating} \end{array} \right]$$

In early 2019, the Board approved a set of CEO objectives for the 2019 performance year. At the same time, the Board also adjusted the STI weighting for the CEO from 100% Corporate Performance to 80% Corporate Performance and 20% Individual Performance.

MEG Internal Level	Annual Bonus Target	Corporate Performance Weighting	Individual Performance Weighting
CEO	100%	80%	20%
CFO/COO/SVP	60%	75%	25%
VP	45%	70%	30%

The actual STI awards to each NEO for 2019 are set out fully under the heading "Summary Compensation Table – NEOs".

Long-Term Incentive Compensation

In determining the recommended total value of LTI to be granted to each NEO, the Compensation Committee takes into consideration several factors, including scope of responsibility, ability to affect shareholder value, performance, LTI value awarded to comparable peers within the Compensation Peer Group, as well as the resulting total direct compensation of those NEOs. Previous grants are not generally taken into account when determining the value of grants made in any given year.

The associated value of RSUs, PSUs and Options awarded to each NEO is then determined by multiplying the total LTI value by the LTI mix which is in place for executives.

2019 NEO LTI TARGET RANGES (% OF BASE SALARY)	
CEO	300%-500%
CFO/COO/SVP	200%-400%
VP	100%-200%

NEO LTI MIX	
PSUs	50%
RSUs	30%
Stock Options	20%

2019 Compensation Performance

Measuring 2019 Performance for Short-Term Incentive Compensation

The corporate rating used in the STI model is determined using targets set out in Corporation's Corporate Performance Scorecard for the relevant performance year. Following completion of a performance year, the Board, with the advice of Compensation Committee, reviews the results of the Corporate Performance Scorecard and makes a determination as to the corporate rating to be applied to the STI calculation for the year.

2019 Corporate Performance Scorecard

The Corporation revised its 2019 Corporate Performance Scorecard to further align with Shareholder interests and the Corporation's strategic objectives for the future. Health, safety and environment ("HSE") measures, a low cost structure, profitability and balance sheet management were the focus of the revisions for 2019. General and administration expenses per barrel ("G&A/bbl") and return on average capital employed ("ROACE") were added, and financial categories and production volumes were given increased weighting. The Corporation also added new proactive HSE measures for 2019, including measures related to process safety management, occupational health and safety, and inspection compliance.

Health, Safety & Environment: 15%	2019 Performance Indicator	Threshold (0x)	Target(1x)	Maximum (2x)	Result	Weight	Final Score
	Employee LTIF	0.30	0.20	0	0	2.5%	2.00x
	Contractor LTIF	0.36	0.24	0	0.15	2.5%	1.38x
	Process Safety Management – Serious Incident Frequency	6.6	4.4	2.2	1.28	1.5%	2.00x
	Occupational Health and Safety – Potential Serious Injury	8	6	4	4	1.5%	2.00x
	Inspection Compliance	85%	90%	100%	100%	1.5%	2.00x
	AER Satisfactory Inspection	81%	84%	87%	75%	1.5%	0.00x
	Net GHG Intensity (tCO ₂ e/bbl)	0.0530	0.0500	0.047	0.0516	2.0%	0.47x
	Reportable Spill Intensity Volume Spilled (m ³) per 10 ⁶ m ³ OE Total Production (including water)	2.50	2.30	2.10	1.8	2.0%	2.00x
Financial Targets: 30%	2019 Performance Indicator	Threshold (0x)	Target(1x)	Maximum (2x)	Result	Weight	Final Score
	G&A per bbl ⁽¹⁾	\$2.29	\$2.19 - \$2.08	\$1.98	\$1.99	10%	1.97x
	Total Debt/Production (\$USD) ⁽¹⁾⁽³⁾	\$31,850	\$30,738	\$27,678	\$25,754	10%	2.00x
	ROACE (%) ⁽¹⁾⁽³⁾	2.70%	4.10%	6.00%	6.4%	10%	2.00x

	2019 Performance Indicator	Threshold (0x)	Target (1x)	Maximum (2x)	Result	Weight	Final Score
Operational: 40%	Production (mbpd)	86.5	88.5 – 90.5	92.4	93.1	20%	2.00x
	Non-energy Op Costs (C\$/bbl)	\$5.58	\$5.32 - \$4.82	\$4.56	\$4.61	15%	1.83x
	Capital Investment (C\$mm)	\$220	\$200	\$180	\$170	5%	2.00x
Strategic: 15%	2019 Performance Indicator	Target			Weight		Final Score
	Continue to identify and implement opportunities to reduce cost structure at Christina Lake	<ul style="list-style-type: none"> Board to discuss performance at year end Result: Completed comprehensive staffing review in Calgary and at site resulting in operating cost and G&A savings; new flight schedule for site travel; and flight and camp sharing arrangement completed with third party. 			5%		1.00x
	Continued optimization of assets outside of Christina Lake	<ul style="list-style-type: none"> Surmont approval Advance May River application process with reduced spending Formulate land strategy to reduce carrying cost in Duncan area Result: Surmont approval obtained; Surmont and May River projects on hold resulted in 2020 savings of approximately \$5MM; completed asset sales in excess of \$10MM resulting in annual savings of approximately \$9MM.			5%		1.00x
	Continued evaluation of strategic opportunities to create ongoing shareholder value	<ul style="list-style-type: none"> Board to discuss performance at year end Result: \$500 debt repayment and refinancing of credit agreement; advanced nearly \$30MM of 2020 capital expenditures within 2019 capital budget; Re-contracting of USGC storage terminals; Purchased curtailment credits resulting in \$40MM of cash flow; Published first ESG report; On-going pursuit of technologies to improve economics and GHG performance; Ranked 96 th percentile in TSR among peer group			5%		1.00x
		2019 Corporate Performance Factor				175%	1.75x
		Approved Corporate Performance Factor ⁽²⁾				165%	1.65x

Notes:

- (1) Original targets were adjusted for government mandated production curtailment effects.
- (2) A straight application of the Corporate Performance Scorecard methodology resulted in a calculated corporate performance factor of 175%. Notwithstanding these strong results, in recognition of continuing challenges facing the Corporation and the oil and gas industry in Alberta in early 2020 and in order to align with long-term Shareholder experience, the Board exercised discretion to reduce the factor from 175% to 165%.
- (3) Total debt and ROACE are non-GAAP measures with no standardized definition under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other companies. See "Advisories – Non-GAAP Financial Measures" for further details.

In four of the past five years, including in 2019, the Corporation's Board applied discretion to reduce the calculated corporate performance factor and the resulting value of executive bonus payments. In 2019, the Board reduced the calculated level from 1.75x to 1.65x.

2020 Corporate Performance Scorecard

The Corporation made changes in late 2019 to its 2020 bonus scorecard to further align with Shareholder interests and the Corporation's strategic objectives for the future, including the following: continue focus on health, safety and environment matters; continue focus on cost management and maintaining strong liquidity; enhance diversity and inclusion within the organization; enhance relations with Indigenous peoples; and enhance ESG matters (including establishing and communicating 2030 and 2050 climate-related targets and advancing technology solutions to achieve net-zero emissions). In addition, the four categories in the 2020 bonus scorecard (Health, Safety & Environment; Financial; Operational; and Strategic) have been given equal weightings for 2020 in order to reflect the equal importance of each category.

Health, Safety & Environment 25%	Performance Indicator	Threshold (0x)	Target (1x)	Maximum (2x)	Weight
	Employee LTI	2	1	0	3.5%
	Contractor LTI	2	1	0	3.5%
	Process Safety Management - Serious Incident Frequency	3	2.35	1.65	3.5%
	Occupational Health and Safety - Potential Serious Injury	6	4	2	3.5%
	Compliance AER Inspections	Industry Avg +2%	Industry Avg +4%	Industry Avg +6%	3.5%
	GHG Compliance Intensity (kgCO ₂ E/bbl)	TIER Facility Benchmark + 3	TIER Facility Benchmark	TIER Facility Benchmark - 3	4.0%
	Reportable Spill Intensity Volume Spilled (10 ³ /106m ³ total production)	2.3	2.0	1.7	3.5%
Financial 25%	Performance Indicator	Threshold (0x)	Target (1x)	Maximum (2x)	Weight
	G&A (\$mm)	\$65.6	\$62.5	\$59.4	5.0%
	Total Debt Reduction (\$mm) ⁽¹⁾	\$0	\$130	\$500	10.0%
	Adjusted Funds Flow per share (\$ / share) Target at \$55 WTI ⁽²⁾	\$0.77	\$1.32	\$1.81	10.0%
Operational 25%	Performance Indicator	Threshold (0x)	Target (1x)	Maximum (2x)	Weight
	Production (bpd)	92,500	95,500	98,500	10.0%
	Non-energy Opex (\$/bbl) Target is based on 2020 Budget 95,400 bpd production	\$4.80	\$4.60	\$4.40	10.0%
	Capital (\$mm) – Based on original scope	\$260	\$250	\$225	5.0%
Strategic 25%	Performance Indicator	Target (All strategic targets offer opportunity to earn 0x to 2x factor)			Weight
	Manage Balance Sheet	<ul style="list-style-type: none"> Reduce financial risk to shareholders by extending maturities of existing long-term debt 			5.0%
	Diversity & Inclusion	<ul style="list-style-type: none"> Create policy Identify systemic barriers and develop and implement strategies to effect change Implement new hiring policy – including 50% of all finalists for new positions are female 			5.0%
	Indigenous People ("IP")	<ul style="list-style-type: none"> Establish baseline understanding of number of IP in organization Increase the number of majority IP owned vendors working for the Corporation by 2x Increase number of IP working for MEG by 5 – 10 FTE (including contractor positions) 			5.0%
	Marketing Plan	<ul style="list-style-type: none"> Develop and roll out a comprehensive marketing plan for AWB by July 			5.0%
	Enhance ESG Ratings & Set and Communicate GHG Goals	<ul style="list-style-type: none"> Significantly improve ESG ratings with appropriate agencies Establish / Communicate 2030 / 2050 goals and near-term targets Advance technology solutions to achieve net-zero emissions Fund carbon capture initiative 			5.0%

Notes:

- (1) Total debt is a non-GAAP measure with no standardized definition under IFRS and therefore may not be comparable to similar measures presented by other companies. See "Advisories – Non-GAAP Financial Measures" for further details.
- (2) Adjusted funds flow is defined in Note 26 of the annual 2019 financial statements. See "Advisories – Non-GAAP Financial Measures" for further details.

Individual Performance of CEO

Commencing in 2019, the Corporation adopted CEO objectives which are fully transparent to both employees and Shareholders. The purpose of the CEO objectives is to set and ensure alignment on the Corporation's strategic objectives across the organization. The CEO's objectives for 2019, which were primarily focused on the Corporation's strategic focus on cost management, maintaining long-term liquidity and debt repayment, are set out in the following table, together with the 2019 results.

2019 Objectives	2019 Targets	Results
Health, Safety & Environment	Continue to accelerate improved HSE performance	Ongoing
Absolute Debt Reduction	Utilize all free cash flow to reduce debt	✓ ~\$500 million of reduction
Reduce All Cost Structures	Maximize free cash flow through hedging and cost reduction	✓ Record low G&A and Non-Energy Opex
Culture Change	Evolve company culture to embrace risk, change, efficiency and action orientation and migrate to pay for performance	✓ Culture evolving as per plan
Executive Team Reform	Complete the reorganization of the Executive Team in 2019	✓ Done
Reposition Company	Market to investors the "new MEG" with emphasis on free cash flow/debt reduction and environmental performance. Develop relationships with peers in oilsands space	✓ Done
External Influence	Proactively anticipate and influence industry response to external events and influences to align with the best interest of MEG	Ongoing

Mr. Evans' 2019 individual performance rating as adopted by the Board was 200% out of 200%, resulting in a bonus award of \$1,032,000, or 172% of the target STI award opportunity (i.e. 80% weighted to 165% corporate performance rating and 20% to individual performance rating of 200%). No discretionary adjustment was made to the CEO's annual STI award in 2019.

The 2020 CEO objectives, as approved by the Board in late 2019, are set out in the following table:

2020 Objectives	2020 Targets
Health, Safety & Environment	Safe and reliable operations
Refinance Long Term Debt	Refinance 2023 & 2024 notes at first opportunity
Absolute Debt Reduction	Utilize all free cash flow to reduce debt; \$500mm target as part of "3x500" debt reduction program
ESG & Net Zero	Significantly improve scores from rating agencies Advance multiple technology solutions; set 2030 & 2050 carbon goals
Diversity & Inclusion	Update and advance new policies and expectations/goals with respect to gender diversity and increasing direct Indigenous employment
Continued Reduction in All Cost Structures	Continued emphasis alongside 3x500 debt reduction program
External Influence	Proactively anticipate and influence industry response to external events and influences to align with the best interest of MEG

Individual Performance of other NEOs

STI awards for the NEOs, excluding the CEO, are recommended by the CEO, reviewed by the Compensation Committee and adjusted as appropriate and recommended to the Board for approval. The actual STI awards to each NEO are set out fully under the heading “*Summary Compensation Table – NEOs*”. Individual ratings for NEOs, other than the CEO, ranged from 100% to 200% out of 200%, resulting in annual performance bonus awards of 65% to 104% of base salary. No discretion was exercised for the annual STI award for any NEO in 2019.

Measuring 2019 Performance for Long-Term Incentive Compensation

PSUs issued to executive officers vest and settle only on achievement of specified levels of performance as measured against defined performance targets. For the 2017 and 2018 performance years, the Board approved the following performance measures and weightings:

Performance Measure	Weighting
Production	20%
Non-Energy Operating Costs (“NEOC”)	20%
Total Shareholder Return (TSR) relative to Performance Peer Group	60%

For the 2019 performance year, the Board adjusted the PSU performance measures to reflect the shift in corporate priorities away from growth and towards capital restraint and sustainability resulting in the following PSU performance measures and weightings being approved:

Performance Measure	Weighting
G&A	20%
Non-Energy Operating Costs (“NEOC”)	20%
Total Shareholder Return (TSR) relative to Performance Peer Group	60%

For each measure, the Board has approved threshold, target and maximum levels of performance that result in a multiplier of zero to two times the number of PSUs granted becoming eligible to vest after the end of each performance period. PSUs that do not become eligible to vest at the end of an annual performance period will not vest or become eligible to vest in subsequent periods and are canceled.

The table below provides detailed information with respect to PSU performance measures and calculations for the 2017, 2018, and 2019 performance years:

Year	Measure	Weighting	Threshold	Target ⁽⁴⁾	Maximum	Actual	Evaluation Timing	Unweighted Multiplier	Weighted Multiplier
2017	Production (bbls/d)	20%	77,000	80,000-82,000	85,000	80,774	Q1 2018	1.0	0.2
	NEOC (\$/bbl)	20%	\$7.75	\$5.75-\$6.75	\$4.75	\$4.62	Q1 2018	2.0	0.4
	Relative TSR	60%	P0	P50	>P75	P61	Q1 2018	1.5	0.9
									1.5
2018	Production	20%	83,000	85,000-88,000	90,000	90,000 ⁽¹⁾	Q1 2019	2.0	0.4
	NEOC	20%	\$5.50	\$4.75-\$5.25	\$4.50	\$4.50 ⁽¹⁾	Q1 2019	2.0	0.4
	Relative TSR	60%	P0	P50	>P75	>P75 ⁽²⁾	Q1 2019	2.0	1.2
									2.0

Year	Measure	Weighting	Threshold	Target ⁽⁴⁾	Maximum	Actual	Evaluation Timing	Unweighted Multiplier	Weighted Multiplier
2019	G&A (\$/bbl)	20%	\$2.25	\$2.15-\$2.05	\$1.95	\$1.99	Q1 2020	1.97	0.39
	G&A Adjusted for Production Curtailment		\$2.29	\$2.19-\$2.08	\$1.98				
	NEOC	20%	\$5.50	\$4.75-\$5.25	\$4.50	\$4.61	Q1 2020	1.83	0.37
	NEOC Adjusted for Curtailment		\$5.58	\$4.82-\$5.32	\$4.56				
	Relative TSR ⁽³⁾	60%	P25	P50	P75	>P75	Q1 2020	2.0	1.2
									1.96

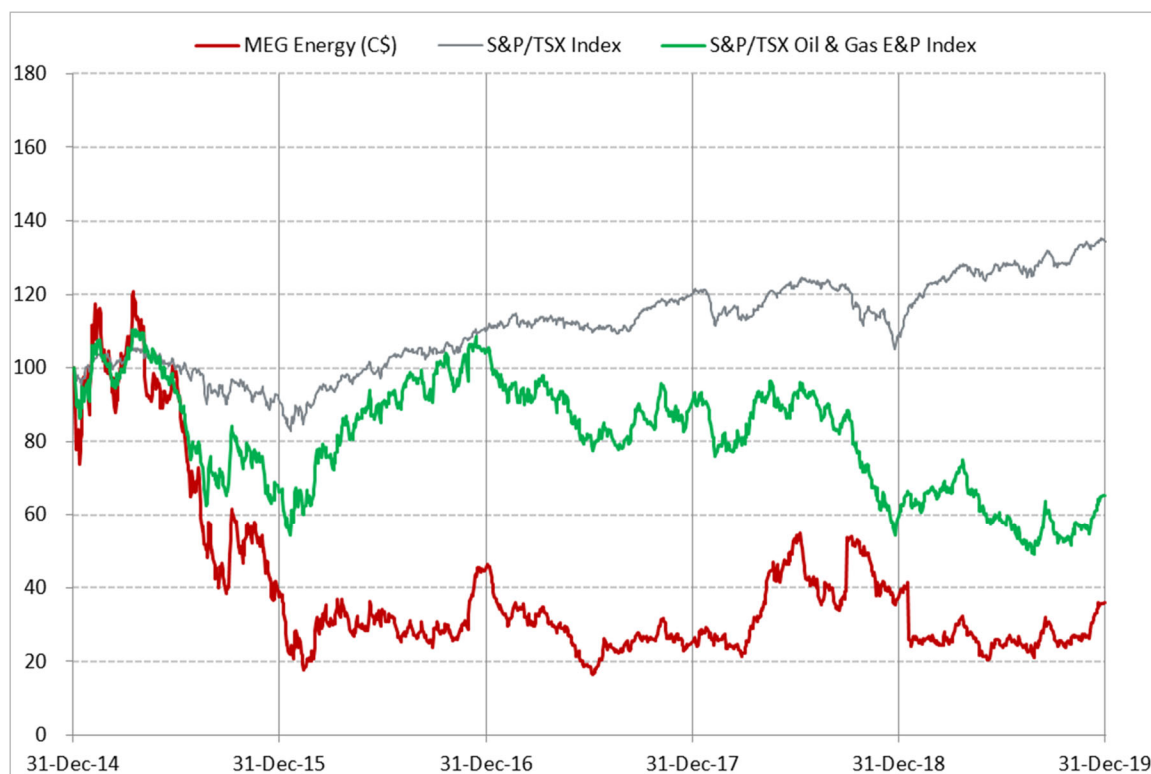
Notes:

- (1) The evaluated results for production and NEOC exclude the effects of year end turnaround activities that were advanced from 2019 to 2018 to take advantage of market conditions. The Board did not want to penalize management for taking actions that were in the best interest of the organization and its shareholders.
- (2) In evaluating TSR results for 2018, the Board considered that the Corporation achieved top quartile (i.e. above P75) relative TSR performance in 2018, leading the Performance Peer Group both before and after Husky's bid announcement.
- (3) In evaluating TSR results for 2019, the Board considered the period from January 17, 2019, the date the Husky Energy Inc. bid was withdrawn, to December 31, 2019.
- (4) The target ranges for production, NEOC and G&A align with guidance ranges publicly disclosed by the Corporation.

The Corporation's average G&A expenses of \$1.99 for 2019 outperformed the range of guidance (both unadjusted and adjusted for production curtailment) resulting in a multiplier of 1.97 for the first PSU performance measure. Average NEOC of \$4.61 per barrel for 2019 outperformed the range of guidance resulting in a multiplier of 1.83 for the second PSU measure. The Corporation's TSR performance for 2019 also outperformed its peers and was at the 96th percentile level resulting in a multiplier of 2.0 for the third PSU measure. Applying weightings (20%, 20%, 60%) resulted in an overall PSU multiplier of 1.96 in respect of the 2019 performance year.

Performance Graph

The following graph compares the cumulative total shareholder return ("TSR") for the Corporation on the TSX, of \$100.00 invested in Shares over the five year period beginning January 1, 2015 and ending December 31, 2019, with \$100.00 also invested in each of the TSX Oil and Gas E&P Index ("Energy Index") and the S&P/TSX Composite Index ("Composite Index") over the same period.



	MEG (TSX) (\$)	S&P/TSX Composite Index (\$)	TSX Oil & Gas E&P Index (\$)
January 1, 2015	100.00	100.00	100.00
December 31, 2015	38.95	90.85	66.68
December 31, 2016	44.83	110.00	103.97
December 31, 2017	24.96	120.00	89.84
December 31, 2018	37.45	109.34	59.49
December 31, 2019	35.89	134.35	65.41

TSR for the Composite Index outperformed both the Corporation's Shares and the Energy Index over the five-year period. The Shares generally performed in-line with the Composite Index leading into the oil price downturn in mid-2014, then underperformed both indices during 2015 and 2016. While performing similarly to the Energy Index since then, both the Shares and the Energy Index have underperformed relative to the Composite Index after 2015. The Corporation's Shares outperformed the Energy Index in 2019 after January 17, 2019, the date the Husky Energy Inc. bid was withdrawn.

A significant proportion of the NEOs compensation consists of variable or "at risk" compensation and is designed to ensure the alignment of executive compensation and the long-term Shareholder experience. See *"Total Direct Compensation – Pay Opportunity vs. Realized/Realizable Pay"*.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The President and CEO, the CFO each of the three most highly compensated executive officers during 2019 (other than the CEO and the CFO), and any additional individual for whom disclosure would have been provided except that the individual was not serving as an executive officer at the end of the Corporation's most recently completed financial year-end, are collectively referred to as the NEOs. The NEOs for the year ended December 31, 2019, are as follows:

Name	Position
Derek W. Evans	President and Chief Executive Officer
Eric L. Toews	Chief Financial Officer
Chi-Tak Yee	Chief Operating Officer
Grant Borbridge ⁽¹⁾	Former Senior Vice President, Legal & General Counsel and Corporate Secretary
Jeremy J. Gizen	Vice President, Production Operations & Engineering
Aidan G. Mills ⁽²⁾	Former Vice President, Downstream

Notes:

- (1) Mr. Borbridge ceased to be Senior Vice President, Legal & General Counsel and Corporate Secretary of the Corporation effective November 29, 2019.
- (2) Mr. Mills ceased to be the Vice President, Downstream of the Corporation effective January 23, 2020.

Summary Compensation Table – NEOs

The following table sets out the compensation paid by the Corporation to the NEOs during the years ended December 31, 2017, December 31, 2018 and December 31, 2019.

Total NEO compensation for 2019 of \$11.5 million, as a percentage of 2019 revenue of \$3,931 million, based on the Corporation's audited annual financial statements, is 0.29%.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾⁽²⁾⁽³⁾ (\$)	Option-Based Awards ⁽²⁾⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽⁶⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans		
Derek W. Evans ⁽⁵⁾⁽⁷⁾ President & CEO	2019	600,000	1,599,938	399,989	1,032,000	-	93,581	3,725,508
	2018	234,091	1,800,004	-	407,500	-	66,897	2,508,492
	2017	-	-	-	-	-	-	-
Eric L. Toews ⁽⁸⁾ Chief Financial Officer	2019	421,252	842,475	210,837	439,155	-	72,425	1,986,144
	2018	421,252	1,011,015	852,983	435,364	-	232,568	2,953,182
	2017	412,992	978,131	244,706	297,354	-	71,266	2,004,449
Chi-Tak Yee ⁽⁸⁾ Chief Operating Officer	2019	424,145	848,261	212,143	442,171	-	71,120	1,997,840
	2018	424,145	1,257,852	914,561	438,354	-	294,702	3,329,614
	2017	407,832	959,912	240,171	293,639	-	69,113	1,970,667
Grant Borbridge ⁽⁹⁾ Former SVP, Legal & General Counsel and Corporate Secretary	2019	320,107	465,592	116,522	-	-	1,057,859	1,960,080
	2018	349,207	558,184	139,577	308,525	-	244,768	1,600,261
	2017	342,360	456,647	114,302	169,468	-	60,612	1,143,389
Jeremy J. Gizen Vice President, Production Operations & Engineering	2019	291,200	300,898	75,243	214,250	-	54,472	936,063
	2018	291,200	349,453	87,749	204,553	-	87,937	1,020,892
	2017	272,663	344,072	86,180	151,200	-	53,743	907,858

Name and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾⁽²⁾⁽³⁾ (\$)	Option-Based Awards ⁽²⁾⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽⁶⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans		
Aidan G. Mills Former Vice President, Downstream	2019	310,590	289,880	72,630	203,359	-	58,394	934,853
	2018	302,579	323,029	81,078	230,753	-	78,948	1,016,386
	2017	249,722	242,002	58,000	119,625	-	48,354	717,704

Notes:

- (1) All Share-based awards were granted pursuant to the DSU Plan in the form of DSUs (CEO only in respect of 2018) or RSU Plans in the form of RSUs or PSUs. The fair values of the Share-based awards shown were calculated by multiplying the total number of units granted to each NEO on the grant date by the volume weighted average price of the Shares for the five trading days prior to the grant date. For the purposes of the above table, PSUs were valued at an assumed performance factor of 1.0.
- (2) In 2019, the Corporation changed the annual long-term incentive program date from June to April to align with the timing of the annual compensation cycle (salary and bonus program recommendations). To accommodate this change in the compensation cycle, the 2019 grant is a 10-month grant to reflect the earlier vesting schedule (April 1, 2020, 2021, and 2022 instead of June 1, 2020, 2021 and 2022).
- (3) In 2019, the fair values of the Share-based awards on the grant date were as follows:

Name	PSUs	RSUs	Total Share-Based Awards
Derek W. Evans	\$999,962	\$599,977	\$1,599,938
Eric L. Toews	\$526,546	\$315,929	\$842,475
Chi-Tak Yee	\$530,161	\$318,099	\$848,261
Grant Borbridge	\$290,995	\$174,597	\$465,592
Jeremy J. Gizen	\$188,060	\$112,838	\$300,898
Aidan G. Mills	\$181,173	\$108,707	\$289,880

- (4) The fair values of the Option-based awards shown were calculated by applying Black Scholes methodology to the total number of Options granted to each NEO on each grant date. The key assumptions used in calculating the estimated fair value under the Black Scholes option pricing model are shown in the following table.

Year	Black Scholes Value	Grant Price	Volatility	Expected Life	Interest Rate
2019	\$2.6126	\$4.57	68.60%	1,825 days	1.335%
2018	\$4.3962	\$8.24	61.22%	1,825 days	2.222%
2018	\$5.1315	\$9.63	61.22%	1,825 days	2.165%
2017	\$2.2679	\$4.53	58.45%	1,825 days	1.093%
2017	\$3.3372	\$7.08	54.25%	1,825 days	1.143%

- (5) On October 16, 2018, the Board, on the recommendation of the Compensation Committee and counsel, agreed with Mr. Evans to provide a contingent bonus arrangement in satisfaction of the LTI target value of \$1.8 million (the "2018 LTI Target") that was promised to Mr. Evans in his offer of employment. The contingent bonus arrangement provided that Mr. Evans would receive, on the first to occur of: (i) in the event of a change of control prior to June 1, 2019 at a price of not less than \$11.00 per Share, the 2018 LTI Target in cash plus an additional payment equal to \$400,000 for each additional \$1.00 per Share above \$11.00 per Share payable on such change of control (pro-rated on a straight line basis to the actual per Share amount), or (ii) in the event there is no change of control at a price in excess of \$11.00 per Share on or before June 1, 2019, a discretionary cash bonus reflecting Mr. Evans' contributions during his first year, with a target bonus level equal to the 2018 LTI Target. Following the unsuccessful offer by Husky Energy to acquire all of the issued and outstanding shares of the Corporation, the Board and Mr. Evans mutually agreed that such contingent bonus arrangement should be terminated. In connection with the termination of the contingent bonus arrangement, and in satisfaction of the his 2018 LTI Target, Mr. Evans was issued DSUs, under the Corporation's existing DSU Plan, having a grant value of \$1.8 million, on May 17, 2019.
- (6) The aggregate value of perquisites received by NEOs includes parking allowances, perquisite allowances, medical benefits, vacation pay, and savings plan contributions made by the Corporation on behalf of the NEOs. Savings plan contributions are available to all employees under the same terms as those provided to NEOs. Vacation pay is available to all employees however vacation entitlement varies among employees. The Corporation had been carrying accrued vacation as a liability on its balance sheet until December 2018 when it removed such liability by paying out accrued vacation amounts. The 2018 Vacation payouts were as follows: Mr. Evans \$28,846, Mr. Toews \$160,395, Mr. Yee \$225,127, Mr. Borbridge \$183,335, Mr. Gizen \$31,920 and Mr. Mills \$20,009. Savings plan contributions for NEOs amounted to 12% of salary. The 2019 savings plan benefit values were as follows: Mr. Evans \$72,000, Mr. Toews \$50,550, Mr. Yee \$50,898, Mr. Borbridge \$38,413, Mr. Gizen \$34,944, Mr. Mills \$37,271.
- (7) Mr. Evans was appointed as the Corporation's President and Chief Executive Officer on August 10, 2018. Therefore, his 2018 compensation represents payment for approximately 5.5 months of the year.
- (8) In 2018, Mr. Toews and Mr. Yee each received a special retention Option award in recognition of their commitment to the Corporation during a transformational year for the Corporation. Such grants were unique for the Corporation in 2018 and were approved by the Board in response to the challenges inherent in a CEO transition process.
- (9) Mr. Borbridge ceased to be Senior Vice President, Legal & General Counsel and Corporate Secretary of the Corporation on November 29, 2019. In 2019, "All other compensation" for Mr. Borbridge includes amounts in described in note (6) above, as well as retirement related payments.
- (10) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its NEOs.

Total Direct Compensation – Pay Opportunity vs. Realizable/Realized Pay

NEO compensation is weighted towards variable or “at risk” compensation (STI and LTI compensation), where actual amounts earned may differ from granted amounts based on Corporation and individual performance. The Compensation Committee believes that a program weighted towards compensation that is variable with performance, including performance of the Shares, ensures that NEO interests are aligned with Shareholder interests. Furthermore, because LTI awards are subject to time-based vesting, the compensation an NEO realizes in connection with LTI awards is spread over several years, which the Compensation Committee also believes assists in aligning NEO interests with the long-term interests of Shareholders.

While the amounts shown in the “Summary Compensation Table – NEOs” above reflect the grant-date value of the LTI awards received by an NEO, they do not reflect the impact of Share price performance on compensation. The compensation actually realizable, or realized, by the individual may be considerably more or less based on actual Share price performance (both absolute performance and performance relative to the Corporation’s Performance Peer Group). For the purposes of the discussion below:

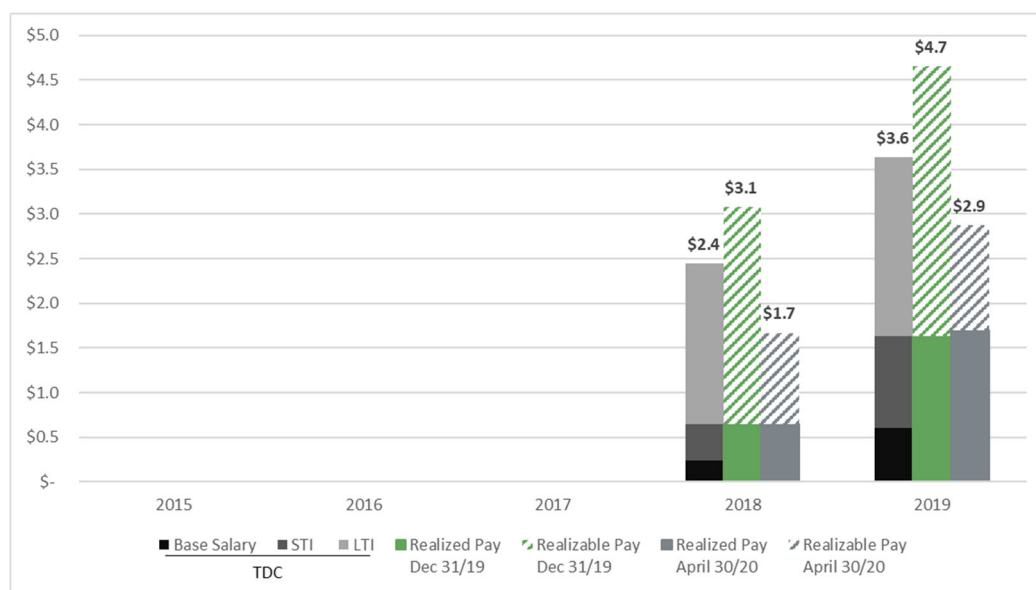
“**Total Direct Compensation**” or “**TDC**” means the amount shown in the “Total Compensation” column of the “Summary Compensation Table”, excluding the amounts shown in the “All Other Compensation” column.

“**Realizable Pay**” means the sum of unvested RSUs, unvested PSUs, vested DSUs (which are not settled until the holder leaves the Corporation’s Board) and “in the money” Options granted during the measurement period, in each case calculated using the price of the Shares at December 31, 2019 or April 30, 2020, as applicable. Realizable pay assumes that LTI awards vest 100% upon grant and at a performance factor of 1.0 (in the case of PSUs), even though such awards vest over a three-year period and may have a performance factor of between 0 and 2.0.

“**Realized Pay**” means the sum of (1) base salary, (2) actual annual STI received by the CEO or NEO, as applicable, and (3) actual payout amount of vested RSUs, vested PSUs and gains from Option exercises.

Comparing TDC Opportunity to TDC Realizable/Realized Value – CEO

The chart below shows the difference between the grant-day pay opportunity of TDC and the combined Realized and Realizable Pay for the Corporation’s CEO for the calendar years 2018 and 2019. The chart illustrates the significance of variable or “at risk” compensation and the direct link between CEO compensation and the price of the Corporation’s Shares. Based on the price of Shares as at April 30, 2020, the CEO’s combined Realized Pay and Realizable Pay is approximately 75% of the grant-day pay opportunity of TDC since the date of the CEO’s appointment, and between December 31, 2019 and April 30, 2020, the CEO’s Realizable Pay decreased approximately 58% due to the significant depreciation of the Corporation’s Share price during such period due to the COVID-19 pandemic and the associated collapse in global crude oil prices.

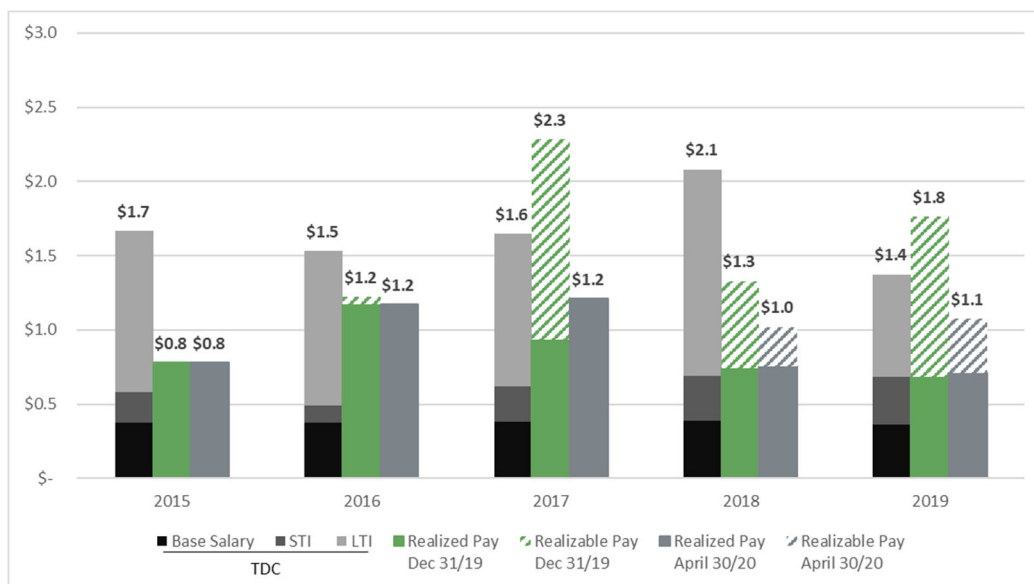


Note:

- (1) Mr. Evans was appointed as CEO on August 10, 2018. Therefore, his 2018 compensation represents payment for approximately 5.5 months of the year.

Comparing TDC Opportunity to TDC Realizable/Realized Value – NEOs (excluding CEO)

The chart below shows the difference between the grant-day average pay opportunity of TDC versus the average combined Realized and Realizable Pay for the Corporation's NEOs (excluding the CEO) for the period 2015 to 2019. The chart also illustrates the significance of variable or "at risk" compensation and the direct link between NEO compensation and the price of the Corporation's Shares. Based on the price of Shares as at April 30, 2020, the average NEO combined Realized Pay and Realizable Pay over the five-year period is approximately 63% of the grant-day pay opportunity of TDC, and between December 31, 2019 and April 30, 2020, NEOs' Realizable Pay decreased approximately 69% due to the significant depreciation of the Corporation's Share price during such period.



Outstanding Share-Based and Option-Based Awards - NEOs

The following table sets forth information regarding all Options, RSUs and DSUs held by each NEO as of December 31, 2019.

	Option-Based Awards				Share-Based Awards		
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested ⁽²⁾ (#)	Market or Payout Value of Share-based Awards that have not Vested ⁽³⁾ (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed (\$) ⁽³⁾⁽⁴⁾
Derek W. Evans President & CEO	153,100	4.57	June 14, 2026	431,742	RSUs: 131, 286 PSUs: 218,810	RSUs: 968,891 PSUs: 1,614,818	DSUs: 2,432,972
Total	153,100			431,742	350,096	2,583,708	2,432,972
Eric L. Toews Chief Financial Officer	40,623	33.64	September 3, 2020	-	RSUs: 122,369 PSUs: 405,134	RSUs: 903,083 PSUs: 2,989,889	-
	57,500	37.89	June 12, 2021	-			
	92,400	18.65	June 11, 2022	-			
	86,500	6.52	June 29, 2023	75,255			
	107,900	4.53	June 15, 2024	308,594			
	49,300	9.63	June 14, 2025	-			
	136,482	8.24	August 27, 2025	-			
	80,700	4.57	June 14, 2026	227,574			
Total	651,405			611,423	527,503	3,892,972	-

	Option-Based Awards				Share-Based Awards		
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not Vested ⁽²⁾ (#)	Market or Payout Value of Share-based Awards that have not Vested ⁽³⁾ (\$)	Market or Payout Value of Vested Share-based Awards not Paid out or Distributed (\$) ⁽³⁾⁽⁴⁾
Chi-Tak Yee Chief Operating Officer	61,000	30.78	June 13, 2020	-	RSUs: 128,749 PSUs: 423,514	RSUs: 950,168 PSUs: 3,125,533	-
	61,400	37.89	June 12, 2021	-			
	92,100	18.65	June 11, 2022	-			
	84,900	6.52	June 29, 2023	73,863			
	105,900	4.53	June 15, 2024	302,874			
	61,300	9.63	June 14, 2025	-			
	136,482	8.24	August 27, 2025	-			
	81,200	4.57	June 14, 2026	228,984			
Total	684,282			605,721	552,263	4,075,701	-
Grant Borbridge⁽⁵⁾ Former SVP, Legal & General Counsel and Corporate Secretary	13,470	33.64	September 3, 2020	-	RSUs: 65,297 PSUs: 206,482	RSUs: 481,892 PSUs: 1,523,837	-
	25,200	37.89	June 12, 2021	-			
	49,000	18.65	June 11, 2022	-			
	40,400	6.52	November 30, 2022	35,148			
	50,400	4.53	November 30, 2022	144,144			
	27,200	9.63	November 30, 2022	-			
	44,600	4.57	November 30, 2022	125,772			
Total	250,270			305,064	271,779	2,005,729	-
Jeremy J. Gizen Vice President, Production Operations & Engineering	13,800	30.78	June 13, 2020	-	RSUs: 43,258 PSUs: 142,597	RSUs: 319,244 PSUs: 1,052,366	-
	20,200	37.89	June 12, 2021	-			
	33,700	18.65	June 11, 2022	-			
	9,167	6.52	June 29, 2023	7,975			
	25,334	4.53	June 15, 2024	72,455			
	17,100	9.63	June 14, 2025	-			
	28,800	4.57	June 14, 2026	81,216			
Total	148,101			161,646	185,855	1,371,610	-
Aidan G. Mills⁽⁶⁾ Former Vice President, Downstream	17,380	7.08	March 1, 2024	5,388	RSUs: 38,851 PSUs: 117,680	RSUs: 286,720 PSUs: 868,478	-
	15,800	9.63	June 14, 2025	-			
	27,800	4.57	June 14, 2026	78,396			
Total	60,980			83,784	156,531	1,155,199	-

Notes:

- (1) The closing price of the Shares on December 31, 2019 was \$7.39 per Share.
- (2) Includes RSUs and PSUs granted under the cash-settled RSU Plan and RSUs and PSUs granted under the treasury-settled RSU Plan. PSUs that are not yet eligible to vest are valued at an assumed performance factor of 1.0. PSUs that have become eligible to vest are valued at the relevant performance factor.
- (3) The Fair Market Value (as defined in the RSU and DSU Plans) of the Shares on December 31, 2019 was \$7.38 per Share.
- (4) Mr. Evans was granted 329,671 DSUs on May 17, 2019 (see "Summary Compensation Table – NEOs") under the current DSU Plan.
- (5) Mr. Borbridge was Senior Vice President, Legal & General Counsel and Corporate Secretary of the Corporation until November 29, 2019 (the "Cessation Date"). The expiry dates of Mr. Borbridge's Option-based awards and Share-based awards were amended to allow such awards to continue to vest for a period of three years from the Cessation Date. These amendments were approved by the TSX.
- (6) Mr. Mills ceased to be Vice President, Downstream on January 23, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year - NEOs

The following table sets forth information in respect of the value of Options and Share-based awards held by the NEOs of the Corporation that vested during the year ended December 31, 2019 and non-equity incentive plan compensation earned by such NEOs during the year ended December 31, 2019. No options were exercised by NEOs during the year ended December 31, 2019.

	Value Vested During Year		
	Option-Based Awards ⁽²⁾	Share-Based Awards	Non-Equity Incentive Plan Compensation
Derek W. Evans , President & CEO ⁽¹⁾	-	1,800,004	1,032,000
Eric L. Toews , Chief Financial Officer	-	867,394	439,155
Chi-Tak Yee , Chief Operating Officer	-	866,243	442,171
Grant Borbridge , Former SVP, Legal & General Counsel and Corporate Secretary	-	409,873	-
Jeremy J. Gizen , Vice President, Production Operations & Engineering	-	281,444	214,250
Aidan G. Mills , Former Vice President, Downstream	-	47,169	203,359

Notes:

- (1) Mr. Evans received a one-time grant on May 17, 2019 of 329,671 DSUs having a fair value of \$1,800,004 in satisfaction of his 2018 LTI Target. See “Summary Compensation Table – NEOs”. DSUs can only be exercised in accordance with the terms of the DSU Plan once a director ceases to be member of the Board.
- (2) Share price at December 31, 2019 of \$7.39 exceeded strike price of vesting options in 2019.

Executive Share Ownership Guidelines

The Corporation introduced the following new share ownership requirements for its senior management team in 2019:

Participant	Ownership Level
CEO	5x base salary
CFO, COO and SVPs	3x base salary
VPs	2x base salary

The new Executive Share Ownership Guidelines require each executive to hold an investment position in Shares (which may include holdings of Shares, RSUs, PSUs and DSUs) at least equal in value to a minimum multiple of such executive's annual base salary, based on the market price of Shares. The executives are required to achieve the Executive Share Ownership Guidelines within a five-year period, commencing the first year the executive is appointed, or 2018 for the current CEO and 2019 for current executives, with a minimum of one-fifth of the ownership requirement being attained by the end of each of the five years.

Compliance with the Executive Ownership Guidelines is measured on the first trading day of each calendar year, using the executive's annual base salary then in effect and the closing price of the Shares on that day. Once the required investment position has been achieved, or any investment position has been allocated toward compliance, the executive is deemed to be compliant (partially or fully, as applicable) with the Executive Ownership Guidelines notwithstanding any subsequent decrease in the market price of Shares. Such deemed compliance requires, in the case of partial compliance, that the executive does not dispose of any of its investment position and, in the case of full compliance, that the executive does not dispose of an amount of its investment position which, using the Share price in effect on the date of the sale, would result in non-compliance.

The following table sets forth the share ownership guidelines and the value of the beneficial shareholdings of the NEOs at January 2, 2020, unless otherwise noted.

	Share Ownership Guideline	As at January 2, 2020		Complies with Guidelines
		Total Value of Equity Investment ⁽¹⁾ (\$)	Current Ownership (Multiple of Base Salary)	
Derek W. Evans , President & CEO	5x base salary	5,650,090	9.4x	Yes
Eric L. Toews , Chief Financial Officer	3x base salary	4,769,400	11.3x	Yes
Chi-Tak Yee , Chief Operating Officer	3x base salary	4,799,942	11.3x	Yes
Grant Borbridge ⁽²⁾ , Former SVP, Legal & General Counsel and Corporate Secretary	3x base salary	2,229,532	6.4x	Yes
Jeremy J. Gizen , Vice President, Production Operations & Engineering	2x base salary	1,417,391	4.5x	Yes
Aidan G. Mills , Former Vice President, Downstream	2x base salary	1,305,184	4.2x	Yes

Notes:

- (1) The closing price of the Shares on January 2, 2020 was \$7.34 per Share. The values of Shares, DSUs, RSUs and PSUs are calculated by multiplying the total number of shares or units by the January 2, 2020 closing price.
- (2) Mr. Borbridge ceased to be Senior Vice President, Legal & General Counsel and Corporate Secretary of the Corporation on November 29, 2019.

Long-Term Equity Incentive Plans

Stock Option Plan

The Corporation has an Option Plan which authorizes the Board to grant Options to officers and employees of, and consultants to, the Corporation and any of its subsidiaries. The Option Plan also governs Options granted to directors of the Corporation or any of its subsidiaries prior to June 2, 2016 (such officers, employees, consultants and such directors, only in respect of Options granted prior to June 2, 2016, each individually a "Service Provider" and collectively "Service Providers"). The purpose of the Stock Option Plan is to provide an effective long-term incentive for the Service Providers from time to time.

The material terms of the Option Plan are summarized in Appendix C.

Number of Options Outstanding

As of December 31, 2019, a total of 6,761,082 Options held under the Option Plan remained outstanding (representing approximately 2.26% of the outstanding Shares). See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

Share-Based Plans

DSU Plan

The DSU Plan authorizes the Board to grant DSUs to directors (individually a "Participant" and collectively "Participants") of the Corporation or any of its affiliates (the "Corporate Group"). The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interests between the directors and Shareholders. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility, commitment and risk

accompanying Board membership and the performance of the duties required of the various committees of the Board.

The material terms of the DSU Plans are summarized in Appendix C.

RSU Plans

The Corporation has a treasury-settled RSU Plan as well as a cash-settled RSU plan. The RSU Plans are identical except that the cash-settled RSU Plan does not permit the settlement of awards through the issuance of Shares from treasury. The RSU Plans authorize the Board to grant RSUs to directors, officers and employees of, and consultants to, the Corporation and any of its subsidiaries (individually a "Participant" and collectively "Participants"). RSUs also may be granted under the RSU Plans as PSUs, to the extent performance conditions, other than time, are attached. The purpose of the RSU Plans is to provide Participants with the opportunity to acquire a proprietary interest in the growth and development of the Corporation that will be aligned with the interests of Shareholders, to enable the creation of incentives for Participants to meet certain performance criteria that are aligned with the long-term interests of Shareholders, to associate a portion of the Participant's compensation with the returns of Shareholders over the medium term, and enhance the Corporation's ability to attract, retain and motivate key personnel and reward Participants for significant performance.

The material terms of the RSU Plans are summarized in Appendix C.

Number of DSUs Outstanding and Issuable

As of December 31, 2019, a total of 734,347 DSUs were outstanding under the DSU Plan. All outstanding DSUs were granted to independent directors, other than 329,671 DSUs issued to Mr. Evans in satisfaction of his 2018 LTI Target. DSUs may only be redeemed for cash or Shares acquired on the open market. No Shares have been reserved for issuance pursuant to the DSU Plan.

Number of Treasury-Settled RSUs Outstanding

As of December 31, 2019, a total of 6,393,328 treasury-settled RSUs were outstanding under the treasury-settled RSU Plan (being equal to approximately 2.13% of the outstanding Shares). Of the 6,393,328 treasury-settled RSUs outstanding 584,702 were granted as PSUs. See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

Number of Cash-Settled RSUs Outstanding

As of December 31, 2019, a total of 3,254,074 cash-settled RSUs were outstanding under the cash-settled RSU Plan. Of the 3,254,074 cash-settled RSUs outstanding 2,630,892 were granted as PSUs.

Options, RSUs, PSUs and DSUs Granted During the Year

A total of 682,911 Options were granted during the year ended December 31, 2019, being equal to approximately 0.2% of the number of Shares outstanding as at December 31, 2019. The Options granted in 2019 to employees were granted on June 14, 2019 and are all scheduled to vest at a rate of one-third on each of April 1, 2020, April 1, 2021 and April 1, 2022. All Options granted in 2019 are scheduled to expire seven years from the date of the grant.

A total of 4,585,654 RSUs were granted during the year ended December 31, 2019. Of the 4,585,654 RSUs granted during the year, a total of 621,841 were cash-settled RSUs and 799,921 were cash-settled PSUs. The remaining 3,163,892 RSUs were treasury-settled RSUs (representing approximately 1.06% of the Shares outstanding as at December 31, 2019) and none were treasury-settled PSUs. All of the RSUs granted in 2019 are scheduled to vest at a rate of one-third on each of April 1, 2020, April 1, 2021 and April 1, 2022.

A total of 475,551 DSUs were granted during the year ended December 31, 2019. All of the DSUs granted in 2019 to Canadian directors (including those granted to Mr. Evans) will be redeemed pursuant to the terms of the DSU Plan on the earlier of (a) December 15 of the first calendar year starting after the date on which such participant ceases to be a director of the Corporation, and (b) the fifth business day following each of the redemption dates elected by such participant (a participant may elect up to two redemption dates under the DSU Plan). All of the DSUs granted

in 2019 to US directors will be redeemed pursuant to the terms of the DSU Plan on the date on which a US Participant ceases to be a director of the Corporation.

The expiry dates of certain Option-based awards and Share-based awards held by a departing executive were amended in 2019 to allow such awards to continue to vest for a period of three years following the date the executive ceased to be employed by the Corporation. These amendments were approved by the TSX.

Impact on Equity

The following tables describe equity burn rate trends and maximum potential share dilution for the Shares as at December 31, 2019.

2017		Awards	WACSO ⁽¹⁾	Burn Rate
Option Plan		1,211,880	289,142,338	0.42%
Treasury-Settled RSU Plan	RSUs	5,756,580		1.99%
	PSUs ⁽²⁾	-		0.00%
	Total (RSUs+PSUs)	5,756,580		1.99%
2018		Awards	WACSO ⁽¹⁾	Burn Rate
Option Plan		798,064	295,739,590	0.27%
Treasury-Settled RSU Plan	RSUs	2,554,026		0.86%
	PSUs ⁽²⁾	678,545		0.23%
	Total (RSUs+PSUs)	3,232,571		1.09%
2019		Awards	WACSO ⁽¹⁾	Burn Rate
Option Plan		682,911	298,513,365	0.23%
Treasury-Settled RSU Plan	RSUs	3,163,892		1.06%
	PSUs ⁽²⁾	-		0.00%
	Total (RSUs+PSUs)	3,163,892		1.06%

Notes:

- (1) Weighted Average Common Shares Outstanding (WACSO) over the fiscal year.
- (2) PSU awards are subject to a multiplier that ranges from 0-2x on vesting. See "Components of Executive Compensation" for more detail.

December 31, 2019 Maximum Potential Share Dilution

	Plan Maximum ⁽¹⁾	CSO ⁽²⁾	Outstanding Securities Awarded		Remaining Securities Available for Grant	
			Awards	% of CSO ⁽³⁾	Awards ⁽⁴⁾	% of CSO
Stock Option Plan	5.0%	299,507,995	6,761,082	2.26%	1,820,989	0.61%
Treasury-Settled RSU Plan			6,393,328	2.13%	1,820,989	0.61%

Notes:

- (1) The plan maximum is an aggregate maximum applicable to both plans and is defined for each plan as a percentage of Shares outstanding, less the Shares issuable pursuant to all other security-based compensation arrangements. In April 2019, the Corporation reduced the aggregate plan maximum from 6.0% to 5.0% of Shares outstanding.
- (2) Common Shares Outstanding (CSO) as at December 31, 2019.
- (3) Awards expressed as a percentage of CSO.
- (4) Note that the remaining securities available for grant under each security-based compensation arrangement are not additive. The number of securities available for grant under the Option Plan and the treasury-settled RSU Plan is equal to 1,820,989 Shares, or 0.61%, under both plans taken together.

Termination and Change of Control Benefits

Except as described below and as described previously under "Long-Term Equity Incentive Plans," the Corporation has not entered into any other contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination of employment (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

Contingent Bonus Agreement

On October 16, 2018, the Board, on the recommendation of the Compensation Committee and counsel, agreed with Mr. Evans to provide a contingent bonus arrangement in satisfaction of Mr. Evans' 2018 LTI Target of \$1.8 million that was promised to Mr. Evans in his offer of employment. The contingent bonus arrangement provided that Mr. Evans would receive, on the first to occur of: (i) in the event of a change of control prior to June 1, 2019 at a price of not less than \$11.00 per Share, the 2018 LTI Target in cash plus additional payments of \$400,000 for each additional \$1.00 per Share above \$11.00 per Share payable on such change of control (pro-rated on a straight line basis to the actual per Share amount), or (ii) in the event there is no change of control at a price in excess of \$11.00 per Share on or before June 1, 2019, a discretionary cash bonus reflecting Mr. Evans' contributions during his first year, with a target bonus level equal to the 2018 LTI Target. Following the unsuccessful offer by Husky Energy to acquire all of the issued and outstanding Shares, the Board and Mr. Evans mutually agreed that such contingent bonus arrangement should be terminated. In connection with the termination of the contingent bonus arrangement, and in satisfaction of the his 2018 LTI Target, Mr. Evans was issued DSUs under the existing DSU Plan, having a grant value of \$1.8 million, on May 17, 2019.

Employee Retirement Policy

The Corporation has a policy in place that governs the treatment of LTI on retirement (the "Employee Retirement Policy") applicable to all retiring employees pursuant to which participants in the Option Plan and/or RSU Plans, upon achieving both: (a) fifty-five years of age, and (b) five years of continuous service to the Corporation, are eligible to receive extended vesting and exercise rights for Options and RSUs (including PSUs) they hold at the time of the particular employee's retirement. Under the Employee Retirement Policy, applicable vesting and exercise rights are extended until the earlier of: (a) three years following the employee's retirement, and (b) the expiry of the term of such Options or RSUs.

LTI Change of Control Provisions

For Options and RSUs granted prior to June 13, 2019, the occurrence of an event of Change of Control or, for participants that are not US participants, the occurrence of a determination by the Board that a Change of Control is expected to occur, will result in Options vesting and becoming immediately exercisable and the immediate vesting and payout of all outstanding RSUs, provided that a participant's participation in the Option Plan or RSU Plans, as applicable, has not terminated before the Change of Control which would result in an earlier expiration date of such participant's Options or RSUs. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be calculated using the multiplier that has already been determined in respect of PSUs that were eligible to vest prior to the occurrence of the Change of Control and by using a multiplier of 1.0 in respect of any PSUs that have not yet become eligible to vest as at the occurrence of the Change of Control. A determination by the Board that a Change of Control is expected to occur will not result in the vesting of any outstanding RSUs held by a US participant.

In respect of Options and RSUs granted on or after June 13, 2019, in the event of a Change of Control, and within one hundred and eighty (180) days of a Change of Control, a participant ceasing to be a participant as a result of involuntary termination, other than termination for cause, will result in all Options vesting and becoming immediately exercisable and the immediate vesting and payout of all RSUs. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of one or more performance year(s) that is(are) complete at the time a change of control occurs, any multiplier(s) already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an

average of the multipliers determined pursuant to (i) if applicable and (ii). Where a Change of Control has occurred but a participant's PSUs have not been made subject to such accelerated vesting and payout, such PSUs will continue to vest and payout in accordance with the terms of the relevant grant agreement, provided however that the foregoing multipliers will apply in such circumstances.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the applicable Option Plan or RSU Plan is terminated by the Corporation, all outstanding Options will immediately vest and become exercisable and all RSUs will vest and be paid out effective as of the date of discontinuance of the applicable Plan. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of a performance year that is complete at the time a change of control occurs, any multiplier already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii).

In respect of Options and in respect of RSUs granted prior to June 13, 2019 only, if the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a Change of Control, the Board may, at its discretion, resolve to permit holders of Options to exercise all unexercised vested Options and any unvested Options that would vest on the Change of Control, and to pay out all unvested RSUs through the issuance of Shares or to purchase Shares on the market through a designated broker, in each case conditional upon the occurrence of the Change of Control, in order to permit participants to tender the underlying Shares to the take-over bid or vote such Shares in respect of the resolutions pertaining to the transaction that would give rise to the Change of Control.

Change of Control Agreements

The Corporation has entered into change of control agreements (the "Change of Control Agreements") with each of its NEOs and other executives that provide for the payments set out below based upon a 2.0 multiplier for the CEO, CFO and COO and a 1.5 multiplier for other executives.

The Corporation's Change of Control Agreements require a 'double trigger' before payment of benefits is due, which means both a Change of Control and involuntary termination (including by way of constructive dismissal) must occur for any payment of benefits.

Pursuant to the Change of Control Agreements, the Corporation is obligated to pay compensation to an executive in the event of a Change of Control followed by termination of such executive's employment with the Corporation in the circumstances set out in the Change of Control Agreements and described below.

Change of Control Payments and Benefits

The Change of Control Agreements provide that if a Change of Control occurs, and within 180 days immediately following a Change of Control an event or events occur that constitute Good Reason, the executive shall have the right, for a period of 60 days following the event or events that constitute Good Reason to elect to terminate his or her employment with the Corporation upon providing the Corporation with seven days advance written notice of the termination date.

"Good Reason" is any material adverse change by the Corporation, without the agreement of the applicable executive, in the annual base salary or in any of the executive's duties, powers, rights, discretions, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of the executive, taken as a whole, are not at least substantially equivalent to those assigned to the executive immediately prior to such change.

If:

- (a) the executive terminates his or her employment with the Corporation following an event or events that constitute Good Reason that occurs within 180 days immediately following a Change of Control; or

- (b) the Corporation terminates the executive's employment with the Corporation other than for just cause within 180 days immediately following a Change of Control;

the Corporation shall pay the executive, within 15 business days of the termination date, a retiring allowance (the "Retiring Allowance") which, depending on the position held, consists of:

1. the executive's annual base salary as at the termination date multiplied by applicable multiplier; plus
2. an amount equal to the average of the annual bonus payments paid to the executive in the two full calendar years immediately preceding the termination date, multiplied by applicable multiplier; plus
3. an amount equal to 15% of the executive's annual base salary as at the termination date multiplied by the applicable multiplier, to compensate the executive for the loss of benefits; plus
4. an amount equal to 12% of the executive's annual base salary as at the termination date, multiplied by the applicable multiplier, to compensate the executive for the loss of participation in the Corporation's savings plan; plus
5. an amount equal to the annual perquisite allowance of the executive as at the termination date, multiplied by the applicable multiplier, to compensate the executive for the loss of the annual perquisite allowance.

In exchange for payment of the Retiring Allowance, the executive is required to provide to the Corporation a full and final release, in a form satisfactory to the Corporation.

If the executive elects to terminate his or her employment with the Corporation within 60 days of an event or events that constitute Good Reason which in turn occurred within 180 days following the occurrence of a Change of Control, the executive shall, at the request of the Corporation, continue the executive's employment with the Corporation for a period of up to three months at the executive's then existing compensation package, including benefits, to assist the Corporation in an orderly transition. The amount paid to the executive in this regard will not reduce the Retiring Allowance to which the executive is entitled.

If the executive becomes entitled to payment of the Retiring Allowance, the applicable Change of Control Agreement will terminate immediately upon payment of the Retiring Allowance.

Assuming a Change of Control occurred on December 31, 2019, the incremental payments, payables and benefits to all NEOs under the Change of Control Agreements would amount to an estimated \$8.8 million and are detailed by NEO in the following table:

Executive	Payment Pursuant to Change of Control Agreement ⁽¹⁾ (\$)
Derek W. Evans , President & CEO	3,034,700
Eric L. Toews , Chief Financial Officer	1,976,922
Chi-Tak Yee , Chief Operating Officer	1,990,307
Grant Borbridge ⁽²⁾ , Former SVP, Legal & General Counsel and Corporate Secretary	-
Jeremy J. Gizen , Vice President, Production Operations & Engineering	888,659
Aidan G. Mills , Former Vice President, Downstream	951,151

Notes:

- (1) Values do not include accelerated vesting of LTIs that may occur upon Change of Control. The value of the unvested awards is reported in the table "Outstanding Share-Based and Option-Based Awards – NEOs."
- (2) Mr. Borbridge ceased to be Senior Vice President, Legal & General Counsel and Corporate Secretary of the Corporation on November 29, 2019.

Termination

In a case of termination of employment without cause, any specific payments to an individual whose employment was terminated would be determined at the time of termination considering common law principles.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER SECURITY-BASED COMPENSATION PLANS

The following table provides information with respect to the total number of Shares authorized for issuance upon the exercise of outstanding Options and vesting of outstanding treasury-settled RSUs as of December 31, 2019. As of December 31, 2019, there were 299,507,995 Shares issued and outstanding.

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 Shareholders			
Option Plan	6,761,082	\$18.08	1,820,989 ⁽²⁾⁽³⁾
Treasury-Settled RSU Plan ⁽¹⁾	6,393,328	n/a	
Equity Compensation Plans Not Approved by Shareholders			
None	-	n/a	n/a
Total	13,154,410	\$18.08	1,820,989 ⁽⁴⁾

Notes:

- (1) Includes RSUs and PSUs issued under the treasury-settled RSU Plan.
- (2) As of December 31, 2019, the number of Shares reserved for issuance pursuant to the exercise of options granted under the Option Plan is equal to 5% of the number of Shares then issued and outstanding, less the number of Shares issuable pursuant to all other security-based compensation plans (which includes the treasury-settled RSU Plan).
- (3) As of December 31, 2019, the number of Shares reserved for issuance pursuant to RSUs granted under the treasury-settled RSU Plan is equal to 5% of the number of Shares then issued and outstanding, less the number of Shares issuable pursuant to all other security-based compensation plans (which includes the Option Plan).
- (4) Based on the number of issued and outstanding Shares as at December 31, 2019.

CORPORATE GOVERNANCE PRACTICES

Introduction

The Corporation believes that sound corporate governance is essential to the financial performance and long-term interests of the Corporation and its Shareholders. The Corporation's corporate governance policies, practices and procedures are continually reviewed by the Board to ensure alignment with evolving best practices. The following describes the Corporation's corporate governance practices which the Corporation believes are fully compliant with all corporate governance requirements established under National Instrument 58-201 *Corporate Governance Guidelines*, National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Instrument 52-110 *Audit Committees*.

Governance Highlights

- ✓ Individual director voting, majority voting policy and prompt disclosure of vote results
- ✓ Separate Board Chair and CEO
- ✓ Majority of Board nominees (9 out of 10) are independent
- ✓ Board Chair is independent
- ✓ All Board committees are 100% independent
- ✓ Board and committees have written mandates
- ✓ Written position descriptions for chair of the Board, each committee and CEO
- ✓ Board meets without management present (*in-camera*) at every meeting
- ✓ Board Chair skills and experience profile to assist in evaluation of Board Chair candidates
- ✓ Board Chair succession and transition policy
- ✓ Director tenure policy which imposes age and term limits
- ✓ Term limit for Board Chair
- ✓ Advisory vote on executive compensation, giving shareholders a say on pay
- ✓ Corporate scorecard links executive compensation to specific goals relating to environmental, social and governance (ESG) matters, including climate-related goals, diversity and inclusion matters, and direct business engagement with and employment of Indigenous peoples
- ✓ Amendments to articles and by-laws, and approval of fundamental changes, mergers or business combinations, require a shareholder vote at levels required by law
- ✓ Diversity policy requiring that women and men each represent at least 30%
- ✓ Board has adopted a written business conduct charter and monitors compliance
- ✓ Board oversees strategic planning, risk management and mitigation, management, communication planning, compensation policies and guidelines, internal control integrity, succession planning
- ✓ Equity ownership requirements for directors and executive officers
- ✓ Orientation and continuing education programs for directors
- ✓ Skills matrix to assist in planning, development and managing the skills and competencies of the Board
- ✓ Annual Board and committee evaluation process involving effectiveness survey, annual director and chair self-assessments, annual one-on-one meetings between each director and Board Chair, and periodic peer-to-peer assessments conducted by an independent third party
- ✓ Clawback policy and anti-hedging policy which further align the interests of executives and shareholders
- ✓ CEO and senior executives conducted shareholder engagement activities in 2019 with Shareholders holding over 56% of the Corporation's Shares

Board of Directors

Role of the Board

The Board is responsible for the overall stewardship of the Corporation and for overseeing the conduct of the Corporation and the activities of management. The primary responsibilities of the Board are to preserve and enhance long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a safe and environmentally responsible manner. In performing its duties, the Board also considers the legitimate interests that other stakeholders, including employees, customers, suppliers and communities, may have in the Corporation and its activities.

Board and Committee Mandates

The mandate of the Board (a copy of which is attached to this Circular as Appendix A), which is reviewed at least annually by the Board, sets out the key responsibilities of the Board as follows:

- satisfying itself as to the integrity of the CEO and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation
- adopting a strategic planning process and approving, on an annual basis, a business plan for the Corporation that takes into account, among other things, the opportunities and risks of the Corporation's business
- developing the Corporation's approach to enterprise risk management (ERM), including identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks
- succession planning, including appointing, training and monitoring senior management
- adopting a communications policy for the Corporation
- monitoring the integrity of the Corporation's internal control and management information systems
- developing the Corporation's approach to environmental, social and governance (ESG) matters
- developing the Corporation's compensation policies and guidelines

The Board discharges its responsibilities directly and through its committees. Each of the Board committees has a written charter. The Board and its committees develop annual workplans based on their mandates and charters. These workplans are reviewed by the Board Chair or committee chair, as applicable, and guide the discharge of the responsibilities by the Board and each of the committees. In addition, the Board has approved written position descriptions for the Board Chair, the Chair of each standing Board committee, and the CEO. These governance documents clearly define the scope and expectations of the Board, its committees, individual directors, Board Chair, the committee chairs and the CEO. The Board mandate, Board committee charters and position descriptions are available on the Corporation's website at www.megenergy.com under "About Us" — "Governance".

Strategic Planning

The Board is responsible for ensuring that the Corporation sets long-term goals and that a strategy process is in place for the Corporation. The Board participates with senior management directly or through its committees in approving the strategic plans developed by the Corporation to achieve its goals. Throughout the year, the Board regularly discusses and reviews the Corporation's strategy and alternatives thereto, having regard to the evolving needs and circumstances of the Corporation's business and the environment in which the Corporation carries on its business. The Board meets at least annually for a strategic planning session with management in which it reviews, discusses and approves the Corporation's strategic plan and progress towards achieving the plan. In 2019, the strategic planning session focused on the Corporation's key strategic objective of maintaining long-term liquidity while pursuing ongoing debt repayment. The Board meets both with and without senior management and with external advisors where appropriate.

Risk Management

The Board is responsible for understanding the principal risks of the Corporation's business and achieving a proper balance between these risks and the potential return to shareholders. The Board ensures that management has implemented appropriate systems to effectively monitor and manage the risks with a view to the long-term viability of the Corporation. In 2019, the Corporation implemented an enterprise risk management (ERM) program to further reinforce an organization-wide risk management culture, improve risk management practices and achieve higher corporate governance standards. The Board oversees the Corporation's ERM program and is supported by its committees to ensure that risks are properly identified, measured, monitored and reported throughout the Corporation on a consistent basis and that appropriate risk management activities are in place across the Corporation. The President and CEO manages the ERM program directly and through the senior management team.

ESG Matters

The Board is responsible for developing the Corporation's approach to environmental, social and governance (ESG) matters and believes that ESG matters are critical to the long-term value and sustainability of the Corporation. The Board is responsible for ensuring that ESG risks and opportunities are integrated into the Corporation's strategy and risk management processes with a view to developing the capacity to manage ESG risks and seize opportunities. These matters are discussed regularly in Board meetings and, in connection with Board succession, the Board will consider the right combination of knowledge and experience with ESG matters to ensure that the Board provides appropriate oversight of and contributions to discussions related to ESG matters impacting the Corporation.

The Corporation has also established a cross-functional management committee focused on ESG issues. The ESG Committee reports to the CEO and is tasked with supporting the Corporation's ongoing commitment to ESG, corporate social responsibility and sustainability matters.

The Corporation is committed to providing the world with ethical and environmentally responsible Canadian oil. It is actively engaged in creating innovative solutions, including cogeneration technologies and its proprietary eMSAGP and eMVAPEX reservoir technologies, to reduce greenhouse gas (GHG) emissions and is committed to best practices in the areas of health, safety and the environment. The Corporation is also committed to developing strong relationships with Indigenous and local communities and to building an ethical, respectful, diverse and inclusive workplace.

The Corporation has participated in the CDP (formerly Climate Disclosure Project) since 2016. The CDP is a not-for-profit organization that maintains a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. In each of 2018 and 2019, the Corporation has received a Climate Change score of B, a score that is higher than the global and North American oil and gas sector average of C.

In each of 2018 and 2019, the Corporation has received a CDP Climate Change score of B, above the global and North American oil and gas sector average of C.

In 2020, the Corporation's ESG stated initiatives include:

- establish 2030 and 2050 climate change goals and continue to advance technology solutions to achieve net-zero emissions
- develop a robust diversity and inclusion policy to ensure that all employees and contractors feel valued, engaged and respected in the workplace and that the Corporation continues to attract and retain top talent
- increase its business relationships with and employment of Indigenous peoples.

The Corporation published its first ESG report in 2019, which provides details on the Corporation's approach with respect to certain ESG related issues and highlights the activities undertaken by the Corporation to address the needs of the world, its shareholders and its employees. This report is available in the "Sustainability" section of the MEG's website at www.megenergy.com.

Board Committees

To assist the Board in fulfilling its duties and responsibilities, the Board delegates certain powers, duties and responsibilities to committees to ensure sufficient review and consideration of specific matters. The Board currently has four standing committees: Audit Committee, Compensation Committee, Governance and Nominating Committee and Health, Safety and Environment and Reserves Committee. The Board also establishes ad hoc committees from time to time for specific matters which are not continual in nature.

Committee Memberships

Each of the Committees are comprised solely of independent directors. Mr. Evans, as a non-independent director by virtue of his position as President and CEO of the Corporation, does not sit on any of our Board committees but does attend all committee meetings by invitation. An *in-camera* session of independent directors is held at every Board and committee meeting.

The table below sets out the members of the standing committees as of May 5, 2020 and the ad hoc committee during 2019.

Director	Standing Committees				Special Committee
	Audit Committee	Compensation Committee	GNC	HSER Committee	
Grant D. Billing	√		√		
Ian D. Bruce	√	√			
Harvey Doerr			√	√	√
Derek W. Evans ⁽¹⁾					
Judy A. Fairburn				√	
Robert B. Hodgins	Chair		√		√
Timothy Hodgson ⁽²⁾					√
William R. Klesse				Chair	
Susan M. MacKenzie ⁽³⁾					
Jeffrey J. McCaig ⁽⁴⁾					
James D. McFarland	√	Chair			
Diana J. McQueen		√	Chair		√

Notes:

- (1) Mr. Evans attends all standing committee meetings in his capacity as CEO and attended 100% of the committee meetings held in 2019.
- (2) Mr. Hodgson resigned from the Board on June 13, 2019.
- (3) Ms. MacKenzie is being nominated for election to the Board at the Meeting.
- (4) As Board Chair, Mr. McCaig is an *ex officio* non-voting member of each standing committee and attended 100% of the committee meetings held in 2019.

Audit Committee

The Audit Committee assists the Board in fulfilling its stewardship with respect to the Corporation's financial statements, management's discussion and analysis, accounting and financial reporting practices, and the relationship with the Corporation's external auditor. It also assists the Board with respect to oversight of the Corporation's internal audit function; disclosure controls and procedures and internal control over financial reporting; and financial risk management activities.

Each member of the Audit Committee must be an independent director and must be "financially literate" as such term is defined in National Instrument 52-110 *Audit Committees*. The Board appoints the chair of the Committee annually from among the members of the Committee. The Committee meets at least four times per year or more frequently as circumstances require and at each meeting of the Committee, the members meet *in camera* in the absence of management. The Committee has the authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties, to set and require the

Corporation to pay compensation for any advisers engaged by the Committee, and to communicate directly with the external auditor and the Corporation's other financial advisers to the extent necessary to carry out the Committees' duties.

The chair of the Audit Committee reports on the Committee's activities at each regularly scheduled meeting of the Board.

Further information in respect of the Audit Committee is contained in the Corporation's Annual Information Form for the year ended December 31, 2019 filed on SEDAR at www.sedar.com and available on our website at www.megenergy.com.

The Audit Committee Charter is available on our website at www.megenergy.com.

Compensation Committee

The Compensation Committee assists the Board in fulfilling its stewardship with respect to developing compensation strategies for the directors and officers of the Corporation and implementing any cash-based or equity-based compensation plans. The Committee's primary activities are to annually review and recommend for approval by the Board the Corporation's compensation policies and guidelines and the corporate goals and objectives relevant to compensation (including the President and CEO's annual objectives); the salaries and compensation of the Corporation's officers; director compensation arrangements; the grant of equity-based compensation; and the Corporation's disclosure relating to director and executive compensation. The Committee also annually conducts and reports to the Board on performance appraisals of the President and CEO.

Each member of the Compensation Committee must be an independent director. The Board appoints the chair of the Committee annually from among the members of the Committee. The Committee meets at least annually or more frequently as circumstances require and at each meeting of the Committee, the members meet *in camera* in the absence of management. The Committee has the authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the Committee.

The chair of the Compensation Committee reports on the Committee's activities at each regularly scheduled meeting of the Board.

The Compensation Committee Charter is available on our website at www.megenergy.com.

Governance and Nominating Committee

The GNC assists the Board in fulfilling its stewardship with respect to developing the Corporation's approach to corporate governance; developing corporate governance principles and guidelines; reviewing Board and Board committee requirements and membership; facilitating evaluation of the Board, Board committees and directors; identifying individuals qualified to become directors; and recommending nominees for election as directors of the Corporation.

The GNC regularly reviews new developments in corporate governance and makes recommendations to the Board on processes or policies which would enhance the overall effectiveness of the Board and its committees and the performance of the Corporation. The GNC reviews and approves any reports required or recommended on corporate governance for inclusion in the Corporation's public disclosure documents.

Each member of the GNC must be an independent director. The Board appoints the chair of the GNC annually from among the members of the GNC. The GNC meets at least annually or more frequently as circumstances require and at each meeting of the GNC, the members meet *in camera* in the absence of management. The GNC has authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the GNC.

The chair of the GNC reports on the GNC's activities at each regularly scheduled meeting of the Board.

The GNC Charter is available on our website at www.megenergy.com.

Health, Safety and Environment and Reserves Committee

The HSER Committee assists the Board in fulfilling its stewardship with respect to ensuring compliance by the Corporation with applicable laws pertaining to health, safety and the environment and reviewing and supervising the Corporation's policies and procedures designed to mitigate risks and liabilities in these areas; and ensuring compliance by the Corporation with the requirements contained in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, including supervising the evaluation of the Corporation's reserves and the preparation of the Corporation's independent reserves report.

Each member of the HSER Committee must be an independent director. The Board appoints the chair of the HSER Committee annually from among the members of the Committee. The Committee meets at least annually or more frequently as circumstances require and at each meeting of the HSER Committee, the members meet *in camera* in the absence of management. The HSER Committee also meets at least annually with the Corporation's independent reserves evaluator *in camera*. The HSER Committee has authority to conduct investigations and engage independent counsel and other advisers or consultants as it determines necessary to carry out its duties and to set and require the Corporation to pay compensation for any advisers engaged by the Committee.

The chair of the HSER Committee reports on the Committee's activities at each regularly scheduled meeting of the Board.

The HSER Committee Charter is available on our website at www.megenergy.com.

Ad Hoc Committee

In 2019, the Committee had one ad hoc committee. The Special Committee was formed in August, 2018 to (i) review and analyze a proposal by Husky Energy Inc. to acquire all of the issued and outstanding Shares of the Corporation and any alternatives thereto; and (ii) review and analyze any activist activities which may target the Corporation. The Special Committee was dissolved in March, 2019 upon the completion of its mandate.

Independence of Directors

The Board is responsible for determining, at least annually, whether or not each director is independent as set out in section 1.2 of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation. Examples of such a material relationship could include being a partner, shareholder or officer of an organization that has a material relationship with the Corporation, such as a supplier, customer or contractual counterparty. On an annual basis, the GNC of the Board asks directors and executives of the Corporation to inform the Board as to their relationships with the Corporation. Pursuant to the *Business Corporations Act* (Alberta), directors of the Corporation are also required in certain circumstances to declare when they are party to, or have an interest in, material contracts or material transactions involving the Corporation. The Board reviews any relationships, and their materiality to the Corporation, under applicable director independence standards. In its review, the Board considers and analyzes the existence, materiality and effect of all relationships of our directors with the Corporation including business, familial and other relationships, in reaching a conclusion as to such director's independence under applicable requirements.

The Chairman of the Board, Mr. McCaig, is independent and the Board is currently comprised of ten (10) directors, nine (9) of whom are independent, including Mr. Doerr who will be retiring from the Board this year and is not standing for re-election. Ms. MacKenzie, the new nominee director, is also independent. Mr. Evans, as President and CEO of the Corporation, is not independent and is the only member of the Board who is also a member of management.

The roles of the Board Chair and the President and CEO are separate. The primary responsibility of the Chairman is to provide independent leadership to the Board to ensure the Board functions independently of management of the Corporation and to facilitate the effective functioning of the Board in stewardship of the Corporation.

At each Board meeting there is an *in-camera* session at which non-independent directors and members of management are not in attendance. The *in-camera* sessions are chaired by the Chair of the Board. The chairs of the Compensation Committee, the Audit Committee, the GNC, HSER Committee and ad hoc Special Committee, are/were all independent directors and at each respective committee meeting an *in-camera* session is/was held.

Other Public Company Board Memberships

The table below sets out the other publicly traded issuers for which the Corporation's directors and director nominees serve as directors as at May 5, 2020.

2020 Director Nominees	Directorships
Grant D. Billing	Badger Daylighting Ltd. Tervita Corporation
Ian D. Bruce	Cameco Corporation
Harvey Doerr	Seven Generations Energy Ltd.
Derek W. Evans	Franco-Nevada Corporation
Judy A. Fairburn	-
Robert B. Hodgins	AltaGas Ltd. Enerplus Corporation Gran Tierra Energy Inc.
William R. Klesse	Occidental Petroleum Corporation
Susan M. MacKenzie ⁽¹⁾	Enerplus Corporation Freehold Royalties Ltd. Precision Drilling Corporation
Jeffrey J. McCaig	-
James D. McFarland	Valeura Energy Inc.
Diana J. McQueen	-

Note:

(1) Does not include TransGlobe Energy Corporation as Ms. MacKenzie is not standing for re-election to their Board at the 2020 TransGlobe shareholders' meeting.

Interlocking Board Memberships

The Board considers it to be a good governance practice to avoid interlocking relationships, if possible. The Board examines each situation on its own merits with a view to examining material relationships which may affect independence. Mr. Hodgins and, if elected, Ms. MacKenzie, are both members of the board of directors and audit and risk committee of Enerplus Corporation. The Board has determined that these interlocking memberships do not impair the ability of either Mr. Hodgins or, if elected, Ms. MacKenzie, to exercise independent judgment as members of the Board.

Director Meeting Attendance

The attendance record of each director for all Board and Committee meetings held in 2019 is set out below. Mr. McCaig, in his capacity as Board Chair, is an *ex officio* non-voting member of each Committee and Mr. Evans, in his capacity as CEO, is invited to all Committee meetings. Messrs. McCaig and Evans attended 100% of all Committee meetings in 2019.

Director	Board Meetings	Standing Committee Meetings				Special ⁽¹¹⁾ Committee
		Audit Committee	Compensation Committee	GNC	HSER Committee	
Grant D. Billing ⁽¹⁾	2 of 2	3 of 3	-	2 of 2	-	-
Ian D. Bruce ⁽²⁾	2 of 2	3 of 3	3 of 3	-	-	-
Harvey Doerr	10 of 10	-	-	4 of 5	2 of 3	1 of 1
Derek W. Evans	10 of 10	-	-	-	-	-

Director	Board Meetings	Standing Committee Meetings				Special ⁽¹¹⁾ Committee
		Audit Committee	Compensation Committee	GNC	HSE & Reserves Committee	
Judy A. Fairburn ⁽³⁾	2 of 2	-	-	-	1 of 1	-
Robert B. Hodgins ⁽⁴⁾	10 of 10	5 of 5	8 of 8	2 of 2	-	1 of 1
Timothy Hodgson ⁽⁵⁾	8 of 8	2 of 2	-	-	-	1 of 1
William R. Klesse	10 of 10	-	-	-	3 of 3	-
David Krieger ⁽⁶⁾	7 of 8	-	-	3 of 3	-	-
Susan M. MacKenzie ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a
Jeffrey J. McCaig ⁽⁸⁾	10 of 10	-	-	-	-	-
James D. McFarland ⁽⁹⁾	10 of 10	5 of 5	11 of 11	3 of 3	2 of 2	-
Diana J. McQueen ⁽¹⁰⁾	10 of 10	-	11 of 11	5 of 5	2 of 2	1 of 1

Notes:

- (1) Mr. Billing was elected to the Board on June 13, 2019 and appointed a member of the Audit and GNC effective June 13, 2019.
- (2) Mr. Bruce was elected to the Board on June 13, 2019 and appointed a member of the Audit and Compensation effective June 13, 2019.
- (3) Ms. Fairburn was elected to the Board on June 13, 2019 and appointed a member of the HSE & Reserves effective June 13, 2019.
- (4) Mr. Hodgins ceased being a member of the Compensation Committee and was appointed a member of the GNC effective June 13, 2019.
- (5) Mr. Hodgson resigned as a director effective June 13, 2019.
- (6) Mr. Krieger resigned as a director effective June 13, 2019.
- (7) Ms. MacKenzie is being nominated for election to the Board at the Meeting.
- (8) Mr. McCaig, Chairman of the Board, is an *ex-officio* member of all Board Committees.
- (9) Mr. McFarland ceased being a member of the GNC and of the HSE & Reserves Committee effective June 13, 2019.
- (10) Ms. McQueen ceased being a member of the HSE & Reserves Committee effective June 13, 2019.
- (11) In March 2019, with its mandate having been fulfilled, the Special Committee was dissolved.
- (12) The above attendance record does not reflect attendance by directors at meetings of committees of which they are not members. Directors, particularly new directors, are encouraged to, and do from time to time, attend various committee meetings even though they are not members of such committee.

Skills Assessment and Nomination

The GNC, which is composed entirely of independent directors, is responsible for ensuring that the composition of the Board and its committees meets the requirements of the Corporation. The Corporation maintains a skills matrix that identifies the skills and experience that the Board views as necessary to oversee the Corporation's business, operations and strategic objectives. Prior to making its recommendations to the Board, the GNC assesses how those skills and experience requirements are satisfied by the nominees. The table below summarizes information from the GNC's most recent review which was used to develop the recommendations for 2019 and includes the skills and expertise of the proposed nominees for election as directors:

Skill	G.D. Billing	I.D. Bruce	D.W. Evans	J.A. Fairburn	R.B. Hodgins	W.R. Klesse	S.M. MacKenzie	J.J. McCaig	J.D. McFarland	D.J. McQueen	Total (out of 10)
Business Experience/Knowledge											
Financial Literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Strategy, Managing or Leading Growth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Sectors Outside of Oil and Gas	✓	✓	✓	✓	✓		✓	✓		✓	8
Executive Experience in a Large Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Canadian Corporate Governance	✓	✓	✓	✓	✓		✓	✓	✓	✓	9
Political, Public and Regulatory											
Political, Public and Regulatory	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Environmental, Social & Governance (ESG)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

Skill	G.D. Billing	I.D. Bruce	D.W. Evans	J.A. Fairburn	R.B. Hodgins	W.R. Klesse	S.M. MacKenzie	J.J. McCaig	J.D. McFarland	D.J. McQueen	Total (out of 10)
Oil and Gas Technical Experience											
Upstream Operations	√		√	√		√	√		√		6
Midstream/Downstream Operations			√	√	√	√	√		√		6

The GNC is also responsible for identifying and assessing new candidates for appointment or nomination to the Board and for considering succession issues as they relate to the members of the Board and committees. Where a vacancy exists or the need for a new candidate has been identified, the GNC will seek candidates who best match the identified needs of the Board and its committees, and will evaluate them taking into account their past performance, independence, competencies, skills, financial literacy, the Corporation's Diversity Policy (as described below) and such other factors as are necessary to ensure the promotion of effective governance and regulatory compliance.

Diversity

The Board recognizes the importance of diversity in improving decision-making by ensuring that different perspectives are incorporated into the decision-making process. The Corporation is committed to enhancing diversity with respect to nominations to the Board and with respect to promotion and hiring of a diverse group of individuals into executive and other management positions ("Leadership Roles"). The Board has adopted a formal policy that encourages gender and other forms of diversity in Leadership Roles (the "Diversity Policy"). The Diversity Policy sets a goal of reaching at least 30% female directors following the Meeting, which goal will be satisfied with the election of the proposed director nominees, and to thereafter maintain such minimum levels of gender diversity on the Board. In addition, Ms. Diana McQueen has been the Chair of the GNC since April 12, 2018.

Although the Corporation believes that its needs are best served by first identifying and screening all fully qualified candidates for Leadership Roles, the Corporation believes gender and other forms of diversity are important considerations in selecting from amongst qualified candidates. Accordingly, the Corporation's approach to diversity is intended to promote diversity in a broad sense in all Leadership Roles.

Since it is difficult to predict the timing of future hiring for Leadership Roles and the ability to identify candidates who offer various forms of diversity while meeting or exceeding the requirements of specific positions, formal diversity percentage targets and specific dates by which it is intended that the Corporation satisfy those targets have not been established in the Diversity Policy. The Corporation believes that the Diversity Policy, however, introduces a process which is likely to achieve higher levels of diversity within the Leadership Roles in an appropriate timeframe. The Corporation intends to measure the effectiveness of the Diversity Policy on a regular basis.

The Diversity Policy requires the Corporation to conduct "open" searches internally (and externally where appropriate), to fill Leadership Positions. The Diversity Policy also requires that, during any hiring process for a Leadership Role, the persons conducting the search will identify the most qualified candidate, and if such candidate does not enhance diversity, they will also identify the most qualified candidate who offers diversity, and prior to final selection, will review the decision carefully to ensure that the decision reflects that balance appropriately.

The Corporation provides comprehensive training and personal development opportunities to help all employees acquire the necessary skills to perform their role in the Corporation, and to align their personal career goals with the needs of the Corporation. Please see "Succession Planning" below.

A summary of the Corporation's current gender distribution, number and percentage, is as follows:

Position/Title	Number of Women	% of Women
Internal Director ⁽¹⁾	5	36%
Executive	0	0%
Board of Directors ⁽²⁾⁽³⁾	3	30%

Notes:

- (1) An internal "director" is a senior management level position within the Corporation's organization which falls immediately below the position of Vice President.
- (2) Member of the Board of Directors.
- (3) Based on the ten director nominees standing for election at the Meeting.

A diverse and inclusive employee population is also important to the Corporation. Accordingly, the Corporate Performance Scorecard for 2020 includes, as part of its strategic targets, the adoption of an organization-wide diversity and inclusion policy, the identification of systemic barriers to diversity and inclusion, and the development and implementation of strategies to effect change within the workplace. The diversity and inclusion policy will include a new hiring policy which will require that fifty percent (50%) of all finalists for all positions within the Corporation are females.

The 2020 Corporate Performance Scorecard also includes a strategic target of establishing a baseline understanding of the number of Indigenous peoples involved with the Corporation and its operations, and targeting a two-fold increase in 2020 of the number of vendors engaged by the Corporation that are majority owned by Indigenous peoples and increasing the number of Indigenous peoples employed by the Corporation or engaged as contractors by the Corporation in 2020 by five to ten full-time equivalent positions.

As of the date of the Circular, zero of ten (zero percent) of the Board members and zero of six (zero percent) of the executives of the Corporation self-identify as Indigenous peoples; zero of ten (zero percent) of the Board members and one of six (17%) of the executives of the Corporation self-identify as members of visible minorities; and zero of ten (zero percent) of the Board members and zero of six (zero percent) of the executives of the Corporation self-identify as persons with disabilities.

Orientation and Continuing Education

The GNC is responsible for the orientation and continuing education of directors. New directors meet with the Chairman and certain other independent directors and attend meetings at which they receive briefings on various aspects of the nature and operation of the Corporation's business from senior officers of the Corporation. New directors are also provided with comprehensive onboarding materials and information, including an overview of the Board portal, a secure online site that contains, among other things, the Corporation's articles and by-laws, the Board and committee mandates and workplans, corporate policies, recent disclosure documents and information regarding the Corporation's operations.

All directors are encouraged to attend and participate in seminars and other continuing education programs, with the cost of such programs being reimbursed by the Corporation. During 2019, directors' participation in continuing education activities included the following:

2019	Conference/Seminar/Topic(s)	Host/Presenter	Director(s)
January	Board Byte Series – The Essential Eight and Blockchain	PwC	Robert B. Hodgins
	Business Trends and Challenges for Directors	ICD	Judy A. Fairburn
	AbundanceDigital	Singularity University	Judy A. Fairburn
	Macro Topics and Energy Industry Panels Conference (Lake Louise, Alberta, Canada)	Peters & Co.	Ian D. Bruce
February	2 nd World Petroleum Council Leadership Conference (Mumbai, India)	World Petroleum Council	James D. McFarland

2019	Conference/Seminar/Topic(s)	Host/Presenter	Director(s)
	Keynote Speaker “Accelerating the Business Impact of Digital”	Society of Petroleum Engineers	Judy A. Fairburn
	Panel Speaker “Managing Stakeholder Expectations in the Petroleum Industry” - 2 nd World Petroleum Council Leadership Conference (Mumbai, India)	World Petroleum Council	James D. McFarland
March	Board Culture	ICD	Grant D. Billing
	Panel Speaker “Advancing Data Collaboration”	Natural Resources Canada	Judy A. Fairburn
April	Digital Technology and Artificial Intelligence	KPMG	Ian D. Bruce
	Economic Growth Summit	Public Policy Forum	Judy A. Fairburn
	Exponential Disruption in the Boardroom	KPMG	Robert B. Hodgins
May	Panel Speaker “Business Transformation: Thriving in a Digital Era”	ICD	Judy A. Fairburn
June	TPH Board Resolution Series – What’s Coming Down the Pipe?	Tudor, Pickering, Holt & Co.	Robert B. Hodgins
	Political Transformation Seminar	ICD	Robert B. Hodgins
	2019 Proxy Report Update	Hugessen	Grant D. Billing
	Panel Speaker “Hydrocarbons in a Low Carbon Economy” – Inventures Conference	Clean Resource Innovation Network	Judy A. Fairburn
	Future Leaders Forum 2019, VI WPC Youth Forum (St. Petersburg, Russia)	World Petroleum Council	James D. McFarland
	Panel Speaker “The CSR/ESG Imperative in Corporate Governance – a Director’s Perspective” - Future Leaders Forum 2019, VI WPC Youth Forum (St. Petersburg, Russia)	World Petroleum Council	James D. McFarland
August	MEG Christina Lake Site Visit and Operations Seminar	MEG	Grant D. Billing Ian D. Bruce Judy A. Fairburn Jeffrey J. McCaig
	Panel Speaker “Transforming Organizations During Challenging Times”	University of Calgary	Judy A. Fairburn
September	World Nuclear Association Annual Conference (London, UK)	World Nuclear Association	Ian D. Bruce
	Changes in the Insurance Market for Oilsands Activities (London, UK)	Towers Perris Watson Lloyds Insurance Brokerage	Ian D. Bruce
	TPH Presentation – Canadian Cacophony: What Matters to Investors with a Lot of Noise?	Tudor, Pickering, Holt & Co.	Robert B. Hodgins
	Corporate Reporting	Deloitte	Grant D. Billing
	Panel Speaker “Getting Across the Valley of Death”	Energy Disruptors Conference	Judy A. Fairburn
	Executive Education Seminar	Meridian Compensation Partners	Harvey Doerr
	Governance in Times of Crisis	ICD	Grant D. Billing Harvey Doerr
November	Disruption for Directors	KPMG	Robert B. Hodgins
	Lake Louise Business Forum	Bennett Jones	Judy A. Fairburn
	ESG Webinar	ICD	Robert B. Hodgins

2019	Conference/Seminar/Topic(s)	Host/Presenter	Director(s)
December	Private ESG Seminar with Environmental Progress (Vancouver, British Columbia, Canada)	Environmental Progress	Ian D. Bruce
	Private Seminar with energy experts, Eurasia Group, a global political risk consultancy (Vancouver, British Columbia, Canada)	Eurasia Group	Ian D. Bruce
	Tour and presentation on new developments in well completion and production technologies in the most challenging oil and gas operational environments (Houston, Texas)	Baker Hughes Centre for Technology Innovation	James D. McFarland
2019-2020	Directors Education Program (DEP)	ICD	Judy A. Fairburn
	Energy Fellow	Creative Destruction Lab	Judy A. Fairburn
	Future Skills Council	Canadian Federal Government	Judy A. Fairburn
	IFRS Audit and Accounting Standards Updates	-	Ian D. Bruce
	PCAOB Update	-	Ian D. Bruce
	Review of ISS and Glass Lewis Policies	Meridian	Ian D. Bruce
	Moderated a Session on Women Leaders in Energy; on Boards and in Executive Positions	-	Diana J. McQueen
	Board Resolution Series: Key Themes in Energy & Current Valuation Levels	-	Diana J. McQueen
	Board Resolution Series: North American Energy Capital Markets	-	Diana J. McQueen
	North American Energy Sector and Financial Liability Management	-	Diana J. McQueen

The Corporation ensures that there are frequent informal opportunities for directors to meet with senior members of the organization which offers the opportunity for individual Board members to ask questions to enhance their knowledge and clarify their understanding of various issues, and gain additional exposure to help evaluate the knowledge, capability and conduct of the senior management team.

Board, Committee and Director Assessments

On an annual basis, the Chair of the GNC facilitates the completion by each director of a confidential effectiveness survey for the Board and each committee to which that director is assigned. The Board survey includes an assessment of the Board's responsibilities and operations, assessment of the Chairman of the Board, individual director self-assessments and periodic peer-to-peer evaluations. The committee surveys include an assessment of each committee's responsibilities and operations, an assessment of each committee chair, self-assessments of the individual committee members and periodic peer-to-peer evaluations. The GNC also considers the composition of the Board's committees to ensure they possess an appropriate balance of the skills necessary for such committees to discharge their roles. This process involves the use of a skills matrix, which assists in identifying any gaps in skills, expertise and industry experience.

The Board Chair and Chair of the GNC are responsible for reviewing the responses provided in each survey and liaising with the chairs of the committees and management to utilize the responses to improve the effectiveness of the Board and its committees. At the first Board meeting following completion and review of the assessments, the Board Chair and the Chair of the GNC report to the Board outlining the responses and conclusions of the assessments. Board members then identify areas of improvement and communicate with management prior to implementation.

The Board considers a rigorous assessment process to be the most appropriate mechanism to ensure that each director remains effective. The format and focus of the assessment process are continually under review by the GNC

to ensure its effectiveness. In 2019, the Board engaged an external third party, Watson Evaluation, to complete an effectiveness evaluation of the Board. The process included peer evaluation and feedback on how individual directors are perceived by their peers to contribute to the areas set out in the Board's skills matrix, providing a real time assessment of each individual director's contributions to boardroom discussions. Each of the directors was provided with an individualized report, providing insight into his or her contributions in boardroom discussions as perceived by other directors.

Director Tenure Policy

On an ongoing basis, the GNC and the Board as a whole consider potential director candidates with a view to identifying individuals to fill any potential vacancy that arises. Although the GNC and the Board recognize that regular-course Board renewal may offer the benefit of new perspectives and ideas, the GNC and the Board also recognize that a director's experience and knowledge of the Corporation's business is a valuable asset.

To support renewal, the Board has adopted policies on retirement and tenure (the "Director Tenure Policy") which provides for a "deemed resignation" of any independent director following the first to occur of the director reaching the age of 72 years and the director having served as a director of the Corporation for ten (10) years. The Director Tenure Policy provides that following a deemed resignation pursuant to the Policy, the GNC will consider whether or not the Board should accept the deemed resignation and shall recommend to the Board of Directors whether or not to accept such resignation, taking into consideration whether continued service of the director would be in the best interests of the Corporation in light of the director's skills, experience and knowledge of the Corporation's business. The Board shall consider but is not obligated to follow the recommendation of the GNC.

The Director Tenure Policy also provides that once a director is deemed to resign pursuant to the Director Tenure Policy, that director shall be deemed to have resigned prior to every second annual meeting of shareholders thereafter. In such circumstances, the GNC will follow the same process described above with respect to each subsequent deemed resignation and will make a recommendation to the Board of Directors whether or not to accept such resignation.

While there is no obligation for the Board to accept a deemed resignation pursuant to the Director Tenure Policy, the process required by the Policy ensures that length of service and age considerations are appropriately incorporated into the annual Board composition and succession review. The Corporation's Director Tenure Policy is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

In accordance with the Director Tenure Policy, Messrs. Klesse and McFarland were deemed to have submitted resignations in 2019 and such resignations were rejected by the Board. Messrs. Klesse and McFarland were elected as directors in 2019 and both are nominated for election to the Board at the Meeting. In accordance with the Director Tenure Policy, they will be deemed to submit resignations before the annual meeting of the Corporation in 2021.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy that applies in respect of director elections at any meeting of the Corporation's shareholders where an "uncontested election" of directors is held and which fully complies with TSX rules. Pursuant to this Policy, the forms of proxy circulated in connection with a meeting of Shareholders at which an uncontested election of directors is to be conducted shall provide Shareholders with the ability to vote in favour of, or to withhold from voting for, each director nominee. If the number of votes withheld for a particular director nominee is greater than the number of votes in favour of such nominee, the director nominee shall be required to immediately tender an offer of his or her resignation to the Board Chair following the applicable meeting of Shareholders.

The Majority Voting Policy provides that following receipt of an offer of resignation tendered pursuant to this Policy, the GNC shall consider whether or not to accept the offer of resignation and shall recommend to the Board whether or not to accept it. In accordance with the TSX rules, the GNC would be expected to recommend that the Board accept an offer of resignation, and the Board would be expected to accept an offer of resignation absent exceptional circumstances. The Board must decide whether or not to accept the offer of resignation within 90 days of the

meeting. The resignation will be effective when accepted by the Board and the director who tendered his or her offer of resignation will not participate in any meeting at which the offer of resignation is considered.

Promptly following the decision of the Board to accept, or not to accept, an offer of resignation pursuant to this Policy, the Corporation shall issue a news release with the Board's decision, a copy of which news release must be provided to the TSX. If the Board determines not to accept an offer of resignation, the news release shall fully state the reasons for that decision.

The Corporation's Majority Voting Policy is available on MEG's website at www.megenergy.com under "About Us" – "Governance".

Succession Planning

The Board is responsible for succession planning of the Corporation's senior management. The Board meets with the President and CEO at least annually to review the performances of senior management in their current roles and discuss future capabilities and development plans for these individuals.

The Corporation has adopted a Talent Management Process in order to develop a robust talent pool that can deliver on current and future business objectives, manage knowledge within the organization, actively manage retention and engagement of high performing, high potential employees, and mitigate the risks associated with transition and vacancy of critical roles in terms of emergency short term coverage and long term succession planning.

The Talent Management Process consists of the following four steps:

1. **Identify Critical Roles:** Identify key roles that are critical to the current and/or future success of the Corporation;
2. **Talent Assessment and Identification:** Conduct internal talent assessment to identify leadership candidates;
3. **Build Talent Management Map:** For all critical roles, identify candidates who are ready for or can develop into each role; and
4. **Develop Leadership Candidates:** Actively develop leadership candidates towards future roles.

The Talent Management Process was first implemented by the Corporation in 2011 and is continuing to advance. The results of the process are reviewed by the Compensation Committee and the Board on an annual basis.

Ethical Business Conduct

Business Conduct Charter

The Board has adopted a Business Conduct Charter (the "BCC") that applies to all directors, officers, employees and consultants of the Corporation and to all of the Corporation's suppliers and service providers. The BCC addresses issues such as conflicts of interest, fair dealing, insider trading, privacy matters, and disclosure of material information. Copies of the BCC and other governance related documents may be obtained upon request from the General Counsel of the Corporation (587-293-6060) and are available on the Corporation's website at www.megenergy.com under "About Us" – "Governance". The BCC is also available on SEDAR at www.sedar.com.

A copy of the BCC is provided to each current director, officer, employee and consultant of the Corporation and each such person is required to acknowledge annually that he or she has read the BCC and has disclosed any transactions or matters of potential conflict. A copy of the BCC is provided to each new director, officer, employee and consultant of the Corporation and each such person is required to acknowledge that he or she has read the BCC before commencing activities as a director, officer, employee or consultant.

No material change reports have been filed by the Corporation relating to a director's or executive officer's departure from the BCC. There has been no conduct of a director or executive officer that has constituted a departure from the BCC, and no waivers of the BCC have ever been granted to any director, officer, employee or consultant of the Corporation.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by the Corporation are required to declare such interest at any meeting at which the matter is being considered and, when appropriate, will leave the meeting during discussion and abstain from voting on such matter.

The Corporation maintains a confidential and anonymous whistle-blowing line known as MEG's Confidence Line, which is overseen by the Audit Committee. Stakeholders may call or make submissions to the Confidence Line by phone or internet. Submissions are received and tracked by an independent third-party service provider.

Complaints under the BCC or other policies can be anonymously reported to a third party by calling 1-800-661-9675 or visiting www.meg-energy.confidenceline.net

Respectful Workplace Policy

The Corporation is committed to an ethical and respectful workplace. In furtherance of this commitment, the Corporation has adopted a Respectful Workplace Policy. The purpose of the Policy is to foster a respectful workplace where all individuals are treated with dignity and respect by ensuring a common understanding by all the Corporation's employees, contingent workers and vendors of what constitutes appropriate workplace behaviour and actions, and setting out the Corporation's commitment to eliminate harassment and violence in the workplace and to investigate all reported incidents of harassment and violence in the workplace.

The Respectful Workplace Policy is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

Insider Trading and Disclosure Policy

The Corporation has adopted an Insider Trading and Disclosure Policy. The purpose of this Policy is to ensure that all representatives of the Corporation understand and comply with their legal obligations relating to trading in securities and the disclosure of information and to provide for procedures governing the disclosure of information by any representatives of the Corporations. This Policy applies to all directors, officers, employees and consultants of the Corporation.

The Insider Trading and Disclosure Policy is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

Lobbying Policy

As part of the Corporation's commitment to maintaining and enforcing the highest standards of ethics and professionalism, the Corporation has adopted Lobbying and Advocacy Policy to govern the Corporation's activities relating to public policy, participation in industry groups and lobbying and political contributions. The Policy requires transparency with stakeholders with respect to the Corporation's activities in relation to public policy matters and requires that the Corporation disclose a list of industry group memberships that it maintains to which the Corporation pays annual dues greater than \$5,000 and which may participate in lobbying activities. The Policy also requires compliance with all applicable laws respecting lobbying, including the *Lobbying Act* (Canada) and the *Lobbyists Act* (Alberta). The Corporation maintains the required registrations of lobbying communications with public office holders, including reporting of employees who are lobbyists for or on behalf of the Corporation and maintaining internal procedures and protocol to ensure compliance.

The Corporation does not make contributions, financial or in kind, to political parties, committees or candidates and does not expressly support or advocate on behalf of such political parties, committees or candidates. Directors, officers and employees of the Corporation may make political contributions or become involved in political activities provided such contributions and activities are undertaken on their own behalf, on a personal level, and not as a representative of the Corporation.

All directors, officers and employees of the Corporation are required to acknowledge their understanding of and compliance with this Policy upon appointment to their position or the commencement of their employment with the Corporation and annually thereafter. The Corporation also requires its third-party contractors and consultants to abide by these same principles.

The Lobbying Policy is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

Human Rights Policy Statement

In support of the Business Conduct Charter, the Corporation has adopted a Human Rights Policy Statement to ensure that the Corporation's directors, officers, employees and consultants, as well as the Corporation's suppliers and service providers, uphold and respect human rights as reflected in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms in their business practices. The Corporation is committed to compliance with all laws, regulations, rules and standards concerning respect for human rights of each country in which the Corporation conducts business. In addition, the Corporation is committed to ensuring that human rights are respected in the conduct of all of its activities, including prohibiting discrimination of minorities, whether based on gender, race or other minority status; prohibiting child labour, forced, involuntary, compulsory or slave labour, or modern slavery practices; respecting fundamental freedoms of all individuals, including freedom of thought, belief, opinion and expression, the freedom of peaceful assembly, the freedom of association and collective bargaining and other rights and freedoms; ensuring safe working conditions for all employees and contracts in accordance with applicable laws and best industry practices; and ensuring its security policies and guidelines are consistent with applicable laws and best industry practices.

The Human Rights Policy Statement is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

Shareholder Engagement

The Corporation has adopted a Shareholder Engagement Policy which outlines how Shareholders can communicate with the Board and management. The Corporation understands that regular and constructive communications with shareholders and stakeholders is an important part of creating a candid and productive dialogue. The Corporation regularly engages with its shareholders and other stakeholders. In addition to accurate and consistent public reporting, the Corporation carries out its shareholder and stakeholder engagement activities through a variety of methods, including its annual shareholder meeting, management road shows, investor conferences, industry-specific conferences and one-on-one meetings. The Corporation hosts a dial-in conference call every quarter that is open to the public and includes a question and answer period. The Corporation also asks investors for feedback at all engagement opportunities, as well as by e-mail and by telephone.

Following the withdrawal of the Husky Energy Inc. unsolicited offer to acquire all of the outstanding Shares of the Corporation in January of 2019, Mr. Evans engaged closely with Shareholders. Mr. Evans, as well as Mr. Eric Toews, the Corporation's CFO and other members of senior management, entered into one-on-one meetings and phone calls with shareholders representing approximately 56% of the issued and outstanding Shares. In 2020, senior management intends to engage in an outreach program with Shareholders and other stakeholders as part of the Corporation's materiality assessment of its ESG risk and opportunities.

The Corporation's directors are also available to meet directly with Shareholders, as appropriate. Interested parties can contact our board members through the corporate secretary at the address below. Board members in attendance at the Corporation's annual Shareholder meeting are available to respond to questions and receive feedback from investors.

In 2020, senior management intends to engage in an outreach program with Shareholders and stakeholders as part of the Corporation's materiality assessment of its ESG risks and opportunities.

Chair of the Board of Directors
c/o Corporate Secretary
MEG Energy Corp.
21st Floor, 630 – 3rd Avenue S.W.
Calgary, Alberta
T2P 0G5

Shareholders can also contact our investor relations department any time, by letter, e-mail at invest@megenergy.com or by telephone at 403.767.6206.

The Corporation's Shareholder Engagement Policy is available on the Corporation's website at www.megenergy.com under "About Us" – "Governance".

Sustainability

The Corporation published its first Environmental, Social and Governance Report in 2019, which provides details on the Corporation's approach with respect to certain environmental, social and governance related issues and highlights the activities undertaken by the Corporation to address the needs of the world, its shareholders and its employees. The ESG Report details the Corporation's approach to sustainability and its commitment to developing innovative technologies to address climate change and its commitment to developing strong relationships with Indigenous communities and other communities where the Corporation operates. The ESG Report also details the Corporation's commitment to best practices in the areas of health, safety and the environment and to developing an ethical, respectful, diverse and inclusive workplace. The ESG Report is available in the "Sustainability" section on the Corporation's website at www.megenergy.com.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Corporation is not aware of any individuals who are either current or former executive officers, directors or employees of the Corporation and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Corporation or otherwise) that is owing to (i) the Corporation, or (ii) another entity where such indebtedness is 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.

Except for (i) indebtedness that has been entirely repaid on or before the date of this Circular, and (ii) "routine indebtedness" (as defined in Form 51-102F5 to National Instrument 51-102 *Continuous Disclosure Obligations*), the Corporation is not aware of any individuals who are, or who at any time during 2019 were, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation, or an associate of any of those directors, executive officers, or proposed nominees, who are, or have been at any time since January 1, 2019, indebted to the Corporation, or whose indebtedness to another entity is, or at any time since January 1, 2019 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There has been no transaction since January 1, 2019 and there is no proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries in respect of which any "informed person" (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) of the Corporation, any proposed nominee for director of the Corporation, or any associate or affiliate of any of such persons had a direct or indirect material interest.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements and management's discussion and analysis ("MD&A") for the Corporation's most recently completed financial year. Additional information relating to the Corporation is contained in the Corporation's Annual Information Form. Copies of the financial statements, MD&A and the Annual Information Form of the Corporation are available on MEG's website, www.megenergy.com under "Investors", "Financial Information" and on SEDAR at www.sedar.com. Shareholders may contact our investor relations department any time by e-mail at invest@megenergy.com or by telephone at 403.767.6206 to request a copy of the Corporation's financial statements and MD&A for the financial year ended December 31, 2019.

ADVISORIES

Non-GAAP Financial Measures

Certain financial measures in this Circular, namely free cash flow, total debt and return on average capital employed (“ROACE”), do not have a standardized meaning as prescribed by IFRS and therefore may not be comparable to similar measures provided by other companies. These non-GAAP financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS.

Free Cash Flow

Free cash flow is presented to assist management and investors in analyzing performance by the Corporation as a measure of financial liquidity and the capacity of the business to repay debt. Free cash flow is calculated as adjusted funds flow less capital expenditures. Adjusted funds flow is defined in Note 26 of the annual 2019 Financial Statements.

Total Debt and ROACE

Total debt and ROACE are presented as performance measures in the Corporate Performance Scorecard. Total debt is defined as long-term debt excluding debt redemption premiums and unamortized deferred debt discount and debt issue costs (2019 Total debt was adjusted for the impact of unrealized foreign exchange gains/losses incurred on the opening debt balance and included the impact of a discretionary capital budget of \$75 million not sanctioned). The calculation of ROACE is calculated as earnings excluding interest on long-term debt, depletion and depreciation and income tax expense (“EBITDA”) as well as adjustments for certain non-recurring items (2019 non-recurring items primarily include other income, a one-time accelerated depreciation expense and a one-time exploration expense), as a percentage of average capital employed. Average capital employed for the period includes total debt plus equity adjusted for unrealized foreign exchange gains/losses.

Forward-Looking Information

This Circular contains forward-looking statements and other information (collectively “forward-looking information”) about the Corporation’s current expectations, estimates and projections, made in light of the Corporation’s experience and perception of historical trends. This forward-looking information is identified by words such as “believe”, “expect”, “goal”, “plan”, “future”, “target”, “focus”, “potential”, “may” or similar expressions and includes suggestions of future outcomes. Readers are cautioned not to place undue reliance on forward-looking information as the Corporation’s actual results may differ materially from those expressed or implied. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Corporation and others that apply to the industry generally. The factors or assumptions on which the forward-looking information is based include assumptions disclosed in the Corporation’s Annual Information Form available on SEDAR at sedar.com and other risks and uncertainties that could cause the Corporation’s actual results to differ materially, as identified in the Corporation’s Management’s Discussion and Analysis for the year ended December 31, 2019. Information on or connected to the Corporation’s website www.megenergy.com does not form part of this Circular.

APPENDIX A

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Board of Directors Mandate

1. STEWARDSHIP

The board of directors (the "Board") of MEG Energy Corp. (the "Corporation") is responsible for the overall stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

2. COMPOSITION AND OPERATION

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members (as defined in Section 2.1 of Canadian Securities Administrators National Policy 58-201 "Corporate Governance Guidelines"), constituting committees of the Board, determining director compensation, discussing matters of interest separate from and independent of any influence from management at each meeting of the Board, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the Business Corporations Act (Alberta) (the "ABCA"), the Board may constitute committees of the Board and seek the advice of, and delegate powers, duties and responsibilities to, its committees and management.

3. RESPONSIBILITIES

The Board's primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a safe and environmentally responsible manner. In performing its duties, the Board should also consider the legitimate interests that other stakeholders, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination and monitoring, communication planning, compensation policies and guidelines, and internal control integrity. More specifically, the Board is responsible for

- (a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the "CEO") and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation,
- (b) adopting a strategic planning process and approving, on an annual basis, a business plan for the Corporation that takes into account, among other things, the opportunities and risks of the business,
- (c) developing the Corporation's approach to enterprise risk management (ERM), including identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks,
- (d) succession planning, including appointing, training and monitoring senior management,
- (e) adopting a communication policy for the Corporation,
- (f) monitoring the integrity of the Corporation's internal control and management information systems,
- (g) developing the Corporation's approach to environmental, social and governance (ESG) risks and opportunities,
- (h) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation,

- (i) developing the Corporation's compensation policies and guidelines and the Corporation's goals and objectives relevant to compensation, and
- (j) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

In discharging these responsibilities and the specific duties set out below, the Board will utilize and direct management of the Corporation to the extent the Board considers to be appropriate.

4. SPECIFIC DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

4.1 Legal Obligations

- (a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for the preparation and maintenance of the Corporation's documents and records.
- (b) The Board has the statutory obligation to
 - (i) manage or supervise the management of the business and affairs of the Corporation, and
 - (ii) act in accordance with the provisions of the ABCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- (c) Each director of the Corporation in exercising the director's powers and discharging the director's duties has the statutory obligation to
 - (i) act honestly and in good faith with a view to the best interests of the Corporation, and
 - (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (d) The Board has the statutory obligation to consider the following matters as a board of directors and may not delegate to management or to a committee of the Board any authority with respect to these matters:
 - (i) submit to the shareholders any question or matter requiring the approval of the shareholders,
 - (ii) fill a vacancy among the directors or in the office of auditor,
 - (iii) appoint additional directors,
 - (iv) issue securities except in the manner and on the terms authorized by the Board,
 - (v) declare dividends,
 - (vi) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,
 - (vii) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation,
 - (viii) approve a management proxy circular relating to a solicitation of proxies by or on behalf of the management of the Corporation,

- (ix) approve any annual financial statements of the Corporation and any interim financial statements that are required to be placed before the shareholders at an annual meeting held more than six months after the first day of a financial year, and
- (x) adopt, amend or repeal by-laws.

4.2 Reserves

- (a) The Board or a committee of the Board is responsible for the preparation and presentation of reserves data and other information associated with oil and gas activities and shall review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the disclosure requirements and restrictions contained in National Instrument 51-101 ("NI 51-101").
- (b) The Board or a committee of the Board is responsible for reviewing, with reasonable frequency, the Corporation's procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data.
- (c) Before approving the filing of reserves data and the report of a qualified reserves evaluator or auditor thereon, the Board or a committee of the Board shall meet with management and the qualified reserves evaluator or auditor to
 - (i) determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation, and
 - (ii) review the reserves data and the report of the qualified reserves evaluator or auditor.
- (d) As required by applicable law, the Board shall review and approve
 - (i) the content and filing of the Corporation's statements of reserves data and other oil and gas information on Form 51-101F1,
 - (ii) the filing of reports on reserves data by qualified reserves evaluators or auditors on Form 51-101F2, and
 - (iii) the content and filing of reports of management and directors on oil and gas activities on Form 51-101F3.

4.3 Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management directly or through its committees in approving the strategic plans by which the Corporation proposes to achieve its goals.

4.4 Risk Management

The Board is responsible for

- (a) understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation,
- (b) overseeing the Corporation's enterprise risk management program, including its design and structure and assessment of its effectiveness,

- (c) overseeing the Corporation's principal risks directly or, where the Board determines it to be appropriate, delegating the oversight of certain individual risks to a committee of the Board, and
- (d) approving management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of principal risks, and satisfying itself as to the effective oversight of risk management of individual risks by the Board or its committees through periodic reports from the committee chair or management, as appropriate.

4.5 Appointment, Training and Monitoring of Senior Management

The Board is responsible for

- (a) appointing the CEO, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,
- (b) approving the appointment and compensation of all other officers of the Corporation, and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

4.6 Environmental, Social and Governance (ESG) Matters

The Board is responsible, either directly or through its committees, for

- (a) overseeing ESG issues which impact the Corporation, including overseeing and monitoring management systems and processes relating to the identification, assessment and management of ESG risks and opportunities. Environmental considerations include, but are not limited to, climate-related issues, greenhouse gas emissions, air and water impacts, and land and wildlife management. Social considerations include, but are not limited to, human rights, employee wellbeing, relationships with Indigenous communities and local communities, equality, diversity and inclusion, and health and safety,
- (b) developing the Corporation's approach to corporate governance issues, principles, practices and disclosure, including practices to ensure the Board functions independent of management,
- (c) approving and monitoring of a code of business conduct and ethics for directors, officers, employees and contractors,
- (d) overseeing and monitoring of metrics and targets used by the Corporation to assess and manage relevant ESG risks and opportunities, and
- (e) reviewing the Corporation's ESG reports and other reporting on ESG matters.

4.7 Reporting and Communication

The Board is responsible for

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders, regulators and the public on a timely and regular basis,
- (c) verifying that the Corporation's financial results are prepared and reported fairly and in accordance with generally accepted accounting principles,

- (d) verifying the timely reporting of any other developments that have a material effect on the Corporation, and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

The Board assigns to the chair of the Board and the CEO responsibility for bringing to the attention of the Board feedback received by them from shareholders and other stakeholders of the Corporation. To encourage and facilitate such feedback, instructions for submitting feedback will be disclosed annually in the Corporation's management information circular and will be posted on the Corporation's web site.

4.8 Monitoring and Acting

The Board is responsible for

- (a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical standards,
- (b) approving annual operating and capital budgets and amendments thereto outside of the range of delegation authorities,
- (c) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,
- (d) verifying that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and regulations,
- (e) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- (f) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- (g) taking action when the Corporation's performance falls short of its goals and objectives or when other circumstances warrant action,
- (h) verifying that the Corporation has implemented adequate information systems, disclosure controls and procedures, and internal control over financial reporting,
- (i) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to perform its duties effectively,
- (j) adopting a written business conduct charter and monitoring compliance with the charter, and
- (k) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

4.9 Other

The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, and any governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. At each meeting of the Board, the independent directors shall have a meeting in the absence of non-independent directors and members of management.

APPENDIX B

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Summary of the Amended and Restated Shareholder Rights Plan

The following summary of the Amended and Restated Rights Plan is qualified in its entirety by reference to the complete text of the Amended and Restated Rights Plan entered into between the Corporation and Computershare Trust Company of Canada, as rights agent. The Amended and Restated Rights Plan shall govern in the event of any conflict between the provisions thereof and this summary. A copy of the Amended and Restated Rights Plan is available under the Corporation's profile on SEDAR at www.sedar.com.

Definitions

The following are certain definitions as provided for in the Amended and Restated Rights Plan that are relevant for the purposes of this summary of the Amended and Restated Rights Plan.

"Convertible Security" shall mean a security convertible, exercisable or exchangeable into a Voting Share;

"Exempt Acquisition" shall mean an acquisition of securities of the Corporation:

- (a) in respect of which the Board has waived the application of Section 3.1 of the Amended and Restated Rights Plan pursuant to the provisions of Subsection 5.1(b), 5.1(c) or 5.1(d) of the Amended and Restated Rights Plan;
- (b) pursuant to an amalgamation, merger, arrangement or other similar transaction (statutory or otherwise, but, for greater certainty, excluding a Take-over Bid) which has been approved and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, arrangement or other similar transaction has been approved by the Board and the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the Corporation's by-laws, the Business Corporations Act (Alberta) and any other applicable laws;
- (c) which is made as an intermediate step in a series of related transactions in connection with the acquisition by the Corporation or any of its Subsidiaries (as defined in the Amended and Restated Rights Plan) of a Person (as defined in the Amended and Restated Rights Plan) or assets, provided that the acquiror of such Voting Shares distributes or is deemed to distribute such Voting Shares to its security holders within ten Business Days (as defined in the Amended and Restated Rights Plan) of the completion of such acquisition and, following such distribution, no Person has become the beneficial owner (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the Voting Shares of the Corporation then outstanding; or
- (d) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities by way of a private placement by the Corporation or a securities exchange take-over bid circular or upon the exercise by an individual employee of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan (as defined in the Amended and Restated Rights Plan) or any employee benefit, stock option or similar plan, provided that (A) all necessary stock exchange approvals for such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan have been obtained and such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan complies with the terms and conditions of such approvals, and (B) such Person does not become the beneficial owner (within the meaning of the Rights Plan Agreement) of more than 25% of the Voting Shares outstanding immediately prior to the distribution, and in making this determination the Voting Shares to be issued to such Person in connection with the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Voting Shares immediately prior to the distribution;

"Independent Shareholders" means holders of Voting Shares (as defined below), other than:

- (a) any Acquiring Person (as defined in the Amended and Restated Rights Plan);
- (b) any Offeror (as defined below), other than a person referred to in paragraph 1.1(k)(iii)(B) of the Amended and Restated Rights Plan;
- (c) any affiliate or associate of such Acquiring Person or Offeror;
- (d) any person acting jointly or in concert with such Acquiring Person or Offeror; and
- (e) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

"Offer to Acquire" shall include:

- (a) an offer to purchase or a solicitation of an offer to sell or a public announcement of an intention to make such an offer or solicitation; and
- (b) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the person that made the offer to sell;

"Offeror" shall mean a person who has announced a current intention to make or who is making a Take-over Bid, but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;

"Take-over Bid" shall mean an Offer to Acquire Voting Shares and/or Convertible Securities if, assuming that the Voting Shares and/or the Convertible Securities subject to such Offer to Acquire are acquired and Beneficially Owned by the Offeror at the date of such Offer to Acquire, such Voting Shares (together with the Voting Shares into which such Convertible Securities are convertible) and the Voting Shares Beneficially Owned, as at the date of the Offer to Acquire by the Offeror would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire; and

"Voting Shares" shall mean the Common Shares and any other securities in the capital of the Corporation entitled to vote generally in the election of the Board.

Term

If the Amended and Restated Rights Plan is approved by Shareholders at the Meeting, it will remain in effect until the "Expiration Time", which is defined as the earlier of:

- (a) the time at which the right to exercise Rights shall terminate pursuant to Subsection 5.1(g) or Section 5.15 of the Amended and Restated Rights Plan;
- (b) the termination of the third annual meeting of the shareholders of the Corporation occurring after the date of ratification of the Amended and Restated Rights Plan pursuant to Section 5.16 of the Amended and Restated Rights Plan if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy; and
- (c) the close of the third annual meeting of shareholders of the Corporation occurring after the date of approval of the continuation of the Amended and Restated Rights Plan pursuant to paragraph (b) above or this paragraph (c) if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their

approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy.

Issue of Rights

On the effective date of the Existing Rights Plan, one right (a "Right") was issued and attached to each Common Share then outstanding and one Right has been, and will be, issued and attach to each Common Share subsequently issued.

Separation Time/Ability to Exercise Rights

The Rights are not exercisable, and are not separable from the Common Shares in connection with which they were issued, until the "Separation Time", being the close of business on the tenth trading day after the earlier of:

- (a) the first date of public announcement by the Corporation or an Acquiring Person of facts indicating that a person has become an Acquiring Person (the "Share Acquisition Date");
- (b) the date of the commencement of or first public announcement of the intent of any person (other than the Corporation or any subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); or
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be a Permitted Bid or Competing Permitted Bid;

or such later time as may be determined by the Board.

Acquiring Person

A person will be considered to be an "Acquiring Person" for the purposes of the Amended and Restated Rights Plan if it acquires beneficial ownership (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the outstanding Common Shares with certain exceptions, as set forth in the Amended and Restated Rights Plan.

Consequences of a Flip-in Event

A "Flip-in Event" refers to any transaction pursuant to which a person becomes an Acquiring Person prior to the Expiration Time. Following the occurrence of a Flip-in Event, and subject to certain limitations in the Amended and Restated Rights Plan, as to which the Board has not waived the application of the Amended and Restated Rights Plan, each Right held by:

- (a) an Acquiring Person (or any of its associates, affiliates or joint actors) on or after the earlier of the Separation Time or the first date of public announcement that an Acquiring Person has become such, shall become null and void; and
- (b) any other shareholder shall entitle the holder thereof to purchase additional Common Shares at a substantial discount to their prevailing market price at the time.

Permitted Bid Requirements

An offeror may make a take-over bid for the Corporation without becoming an Acquiring Person (and therefore subject to the consequences of a Flip-in Event described above) if it makes a take-over bid (a "Permitted Bid") that meets certain requirements, including that the bid must:

- (a) be made to all holders of record of Voting Shares;
- (b) remain open for acceptance for at least 105 days from the date of the bid or such shorter period that a take-over bid (which is not exempt from the general take-over bid requirements of Applicable Securities Laws (as

defined in the Amended and Restated Rights Plan), including, for greater certainty, NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to Applicable Securities Laws (as defined in the Amended and Restated Rights Plan);

(c) be subject to a minimum tender condition of more than 50% of the Voting Shares held by Independent Shareholders;

(d) contain a provision that unless the bid is withdrawn, Voting Shares may be deposited pursuant to such bid at any time during the period of time between the date of the bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the bid may be withdrawn until taken up and paid for;

(e) provide that the bid will be extended for at least 10 days if more than 50% of the Voting Shares held by Independent Shareholders are deposited to the bid (and the Offeror shall make a public announcement of that fact); and

(f) if any holders of Voting Shares are registered on the records of the Corporation as residing in the United or a U.S. Person, then the bid complies with all applicable requirements of the United States Securities Act of 1933, as amended and the United States Securities Exchange Act of 1934, as amended;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Permitted Bid and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

A competing Take-over Bid that is made while a Permitted Bid is outstanding and satisfies all of the criteria for Permitted Bid status, except that it may expire on the same date as the Permitted Bid that is outstanding (subject to the minimum period of days such Take-over Bid must remain open pursuant to Applicable Securities Laws), will be considered to be a "Competing Permitted Bid" for the purposes of the Amended and Restated Rights Plan, provided that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Competing Permitted Bid and provided that, at such time, any acquisition of Common Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Common Shares theretofore made, will cease to be a Permitted Bid Acquisition.

Permitted Lock-Up Agreement

A person will not become an Acquiring Person by reason of entering into an agreement (a "Permitted Lock-Up Agreement") with a Shareholder pursuant to which the Shareholder (the "Locked-Up Person") agrees to deposit or tender its Common Shares to a Take-over Bid (the "Lock-Up Bid") made by that person or their affiliates or associates or any joint actors, provided that the agreement meets certain requirements, including that:

(a) the terms of the agreement are publicly disclosed and a copy is made publicly available;

(b) the Locked-Up Person can terminate its obligation under the agreement in order to tender its Common Shares to another Take-over Bid or transaction where:

(i) the offer price or value of the consideration payable is (A) greater than the price or value of the consideration per Common Share under the Lock-Up Bid or (B) equal to or greater than a specified minimum, which cannot be more than an amount that is 7% greater than the offer price under the Lock-Up Bid; and

(ii) if less than 100% of the number of outstanding Common Shares held by Independent Shareholders are offered to be purchased under the Lock-Up Bid, the number of Common Shares offered to be purchased under the other Take-over Bid or transaction (at an offer price not lower than pursuant to the Lock-Up Bid) is (A) greater than the number offered to be purchased under the Lock-Up Bid or (B) equal to or greater than a specified number, which cannot be more than 7% greater than the number offered to be purchased under the Lock-Up Bid; and

(c) if the Locked-Up Person fails to deposit its Common Shares to the Lock-Up Bid, no "break fees" or other penalties that exceed, in the aggregate, the greater of (A) 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person and (B) 50% of the increase in consideration to a Locked-Up Person resulting from another Take-over Bid or transaction, shall be payable by the Locked-Up Person.

Certificates and Transferability

Before the earlier of the Separation Time and the Expiration Time, the Rights have been, and will be evidenced by a legend imprinted on Common Share certificates representing Common Shares issued after the effective date of the Existing Rights Plan. Although Rights attached to Common Shares outstanding on the effective date of the Existing Rights Plan, certificates representing Common Shares issued before the effective date of the Existing Rights Plan do not bear the legend.

From and after the Separation Time, Rights will be evidenced by separate certificates.

Before the Separation Time, Rights will trade together with, and will not be transferable separately from, the Common Shares in connection with which they were issued. From and after the Separation Time, Rights will be transferable separately from the Common Shares in accordance with the Amended and Restated Rights Plan.

Waiver

A potential Offeror that does not wish to make a Permitted Bid can nevertheless negotiate with the Board to make a formal Take-over Bid on terms that the Board considers fair to all Shareholders, in which case the Board may waive the application of the Amended and Restated Rights Plan. Any waiver of the Amended and Restated Rights Plan's application in respect of a particular Take-over Bid will constitute a waiver of the Amended and Restated Rights Plan in respect of any other formal Take-over Bid made while the initial bid is outstanding.

The Board may also waive the application of the Amended and Restated Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered the Flip-in Event thereafter reduces its beneficial holdings below 20% of the outstanding Common Shares within 14 days or such other date as the Board may determine.

With the consent of the Shareholders or of the holders of Rights, as the case may be, the Board may waive the application of the Amended and Restated Rights Plan to any other Flip-in Event prior to its occurrence.

Redemption

Rights are deemed to be redeemed following completion of a Permitted Bid (including a competing Permitted Bid) or any other Take-over Bid in respect of which the Board has waived the Amended and Restated Rights Plan's application.

With shareholder approval, the Board may also, prior to the occurrence of a Flip-in Event, elect to redeem all (but not less than all) of the then outstanding Rights at a nominal redemption price of \$0.00001 per Right. In certain circumstances, the approval of holders of Rights may also be required in respect of a redemption.

Exemptions for Investment Advisors, etc.

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies), administrators or trustees of registered pension plans or funds and agents or agencies of the Crown, which acquire more than 20% of the outstanding Common Shares, are effectively exempted (through the definition of "beneficial ownership" under the Amended and Restated Rights Plan) from triggering a Flip-in Event provided that they are not in fact making, either alone or jointly or in concert with any other person, a Take-over Bid.

Directors' Duties

The Amended and Restated Rights Plan does not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. In the event of a Take-over Bid or any other such proposal, the Board will still have the duty to take such actions and make such recommendations to Shareholders as are considered appropriate.

Amendments

The Board is authorized to make amendments to the Amended and Restated Rights Plan to correct any clerical or typographical error, or to maintain the validity of the Amended and Restated Rights Plan as a result of changes in law or regulation. Other amendments or supplements to the Amended and Restated Rights Plan may be made with the prior approval of Shareholders.

APPENDIX C

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Summary of DSU Plan, Option Plan and RSU Plans

DSU Plan

The DSU Plan authorizes the Board to grant DSUs to directors (individually a "Participant" and collectively "Participants") of the Corporation or any of its affiliates (the "Corporate Group"). The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interests between the directors and shareholders of the Corporation. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board. The material terms of the DSU Plan are summarized below:

Definition of DSU

A DSU is a unit of participation in the DSU Plan, equivalent in value to a Common Share at the time of grant, and credited by means of a bookkeeping entry to a Participant's account, each of which entitles the holder thereof, at the time specified in the DSU Plan, to receive the cash equivalent of one Common Share or, if the Corporation so determines, in its discretion, a Common Share acquired on the open market, subject to the provisions of the Plan.

Administration

The DSU Plan is administered by the Administrator (as defined below) or its designated third-party service provider, which has full authority to: (a) interpret the DSU Plan and establish, amend and rescind any rules and regulations relating to the DSU Plan; and (b) make such determinations as it considers necessary or desirable for the administration of the DSU Plan. The "Administrator" is, to the extent permitted by law and subject to regulatory approval, the Board, any committee of the Board or any one or more persons to whom the Board delegates any or all of its administrative responsibilities under the DSU Plan.

Grant of DSUs and Redemption

The Board may, subject to the terms of the DSU Plan, grant such number of DSUs to a director as the Board determines to be appropriate in respect of the services the director renders to the Corporation as a member of the Board. The Board shall determine the date on which such DSUs shall be granted and credited to a Participant's account and such date shall be the award date. Unless otherwise specified by the Board, DSUs credited to a Participant's account shall be fully vested at the time awarded.

On the earlier of (a) December 15 of the first calendar year starting after the date on which a Participant ceases to be a director of a member of the Corporate Group, and (b) the fifth business day following the date on which a Participant delivers a redemption notice, or, in respect of a US Participant, on the date such US Participant ceases to be a director of a member of the Corporate Group (as applicable, the "Redemption Date"), the Participant shall become entitled to receive from the Corporation a cash payment equal to the product of the number of DSUs recorded in the Participant's account multiplied by the Market Price on the Redemption Date, less applicable withholding taxes or, if a redemption notice has been delivered, the product of the number of DSUs specified in such redemption notice multiplied by the Market Price on the Redemption Date, less applicable withholding taxes. A Participant, other than a US Participant, may deliver up to two redemption notices prior to the date specified in (a) above.

Subject to the terms of the DSU Plan and the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which the Common Shares are then listed or traded, the Corporation may, in lieu of the cash payment, elect to acquire, through a broker designated by the Participant who is independent of the Corporation, on behalf of such Participant, the number of whole Common

Shares that is equal to the number of whole DSUs recorded in the Participant's account on the Redemption Date, less applicable withholding taxes. In such a case, the Corporation shall contribute to such broker an amount of cash sufficient to purchase the whole number of Common Shares to which the Participant is entitled and the broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, through the facilities of the TSX (or other stock exchange on which the Common Shares are listed or traded).

All amounts payable to or in respect of a Participant shall be paid or delivered on or before December 31 of the calendar year commencing immediately following the Termination Date of such Participant.

No payment in respect of DSUs credited to a Participant may be made until such Participant's Redemption Date.

Transfers and Assignments

DSUs may not be transferred, assigned, sold, encumbered, pledged or charged except as required by law or as contemplated in the DSU Agreement.

Adjustments in Connection with an Alteration of the Common Shares

In the event of any subdivision, consolidation or distribution of Common Shares to the shareholders of the Corporation (excluding by way of dividend payment in the ordinary course or a distribution of Common Shares under any compensation arrangement of the Corporation or any of its subsidiaries or other affiliates controlled by the Corporation, that contemplates the issuance of Common Shares from treasury), or upon a capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person, or a sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders (other than by way of dividend payment in the ordinary course), then the account of each Participant and the DSUs outstanding under the DSU Plan shall be adjusted in such manner, if any, as the Board deems appropriate in order to preserve, proportionally, the interests of Participants under the DSU Plan, provided that the dollar value of DSUs credited to a Participant's account immediately after such an adjustment shall not exceed the dollar value of the DSUs credited to such Participant's account immediately prior thereto and provided further that the value of DSUs shall always depend on the fair market value of shares in the capital stock of the Corporation. All adjustments shall, at all times, be such that the DSU Plan and any DSUs continuously comply with the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

Blackout Periods

If the Redemption Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period, then the Redemption Date shall be the earlier of: (i) the 10th business day after expiry of the Blackout Period; and (ii) December 15th of the calendar year commencing immediately following the date on which the Participant ceases to be a director of a member of the Corporate Group (the "Termination Date"), provided that, under no circumstances, shall the Redemption Date be later than December 15th of the calendar year commencing immediately following such Termination Date.

Amendment, Suspension or Termination

The Board may amend, suspend or terminate the DSU Plan, or any portion thereof, without shareholder approval, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX, if any), that require the approval of shareholders or any governmental or regulatory body be obtained.

The Board may not, without the consent of any affected holder of a DSU, alter or impair any of the rights or obligations under any DSUs previously granted under the DSU Plan.

Any amendment, suspension or termination of the Plan shall be such that the Plan and the DSUs granted thereunder continuously satisfy the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

The DSU Plan will finally cease to operate for all purposes when the last remaining Participant receives payment in respect of all DSUs recorded in the Participant's account.

Corporation Adjustments and the DSU Plan

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

Option Plan

The Option Plan authorizes the Board to grant options to purchase Common Shares ("Options") to officers, employees and consultants of the Corporation and any of its subsidiaries and the Option Plan also governs Options granted to directors of the Corporation or any of its subsidiaries prior to June 2, 2016 (such officers, employees, consultants and such directors only in respect of Options granted prior to June 2, 2016, each individually a "Service Provider" and collectively "Service Providers"). The purpose of the Option Plan is to provide an effective long-term incentive for the Service Providers from time to time.

Administration

The Option Plan permits the granting of Options to officers, employees and consultants of the Corporation and its subsidiaries (the "Corporate Group") from time to time. The Option Plan is administered by the Board, any committee of the Board or any other one or more persons to whom the Board delegates any or all of its administrative responsibilities under the Option Plan.

Certain Restrictions

The Option Plan limits the number of Common Shares that may be issued on exercise of Options to 5% of the number of Common Shares which are issued and outstanding from time to time, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group. Any Common Shares, the Options in respect of which have been exercised, or which have expired or terminated for any reason without having been exercised in full, shall be available for grant pursuant to subsequently issued Options. Pursuant to the TSX rules, shareholder approval with respect to all unallocated Options under the Option Plan is required to be sought by the Corporation every three years following the initial adoption of the Option Plan. Such approval was last obtained at the annual and special meeting of Shareholders held in 2019.

The Option Plan contains the following limitations: (a) the aggregate number of Common Shares issuable to any one Service Provider under the Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (b) the aggregate number of Common Shares issuable to insiders (as such term is referred to in the policies of the TSX) under the Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (c) during any one-year period, the aggregate number of Common Shares issued to insiders under the Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; and (d) subsequent to June 2, 2016, directors of any member of the Corporate Group who are not employees of any member of the Corporate Group shall not be eligible to receive grants of Options. The restrictions referred to in (b) through (d) above are referred to as the "Stock Option Plan Insider and Independent Director Participation Restrictions."

Exercise Price

The exercise price of Options shall not be lower than the volume weighted average trading price of the Common Shares traded through the facilities of the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date (the "Market Price"). In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Market Price shall be the fair market value of the Common Shares as determined by the Board, in its discretion, acting reasonably and in good faith.

No holder of Options shall be entitled to, offered or provided by the Corporation any financial assistance of any kind for the purpose of exercising any Options granted pursuant to the Option Plan.

Term and Vesting

Unless otherwise determined by the Board and subject to any other provisions of the Option Plan which operate to shorten the term within which Options may be exercised, Options may be exercised for a term not exceeding 10 years from the date of grant. Upon expiration, unexercised Options become null and void. The Corporation sets the vesting schedule of Options at the date of grant. The Corporation's general practice since being public has been to grant Options that are scheduled to vest at a rate of one-third on or about each of the first three anniversary dates of the grant and that are scheduled to expire seven years from the date of the grant. The Corporation intends to maintain its current practice and not grant any Options which are scheduled to vest materially less than one year from the date of the grant.

Each grant of an Option will be set forth in a grant agreement containing the applicable terms or conditions required in the Option Plan and such other terms and conditions as the Corporation may deem appropriate. Without limiting the generality of the foregoing, such additional terms and conditions may include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; and (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the Options in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the Options in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of an Option, waive any such term or condition, other than performance criteria, or determine that it has been satisfied subject to applicable law.

Early Termination

If a holder of Options ceases to be a Service Provider:

- by reason of death, all outstanding unvested Options held by such holder will vest and be immediately exercisable. Only the person(s) to whom the holder's rights under the Options pass by the holder's will, or applicable law, will have the right to exercise the holder's outstanding and vested Options at any time up to and including (but not after) the expiry date of such Options;
- by reason of retirement, all outstanding unvested Options held by such holder will be governed by the policies of the Corporation in effect at the time the Participant ceases to be a Service Provider due to retirement;
- by reason of termination for cause, all Options held by such holder will be forfeited and rendered null and void;
- by reason of voluntary resignation, such holder shall have the right to exercise part or all of his or her outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is 60 days following the date of such holder's resignation; and (ii) the expiry date of the vested Options; or
- by any reason other than the death, retirement, termination for cause or voluntary resignation, such holder will have the right to exercise part or all of his or her outstanding vested Options at any time up to and

including (but not after) the earlier of: (i) the date which is 120 days following the date that such holder ceased to be a Service Provider; and (ii) the expiry date of the vested Options.

Transfers and Assignments

Options may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a holder may designate in writing an individual as a beneficiary to receive the right, upon the death of such holder, to exercise part or all of the holder's outstanding and vested Options at any time up to and including (but not after) the expiry date of the Options. The holder may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

Adjustment in Connection with an Alteration of the Common Shares

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (b) that any rights are granted to all or substantially all shareholders to purchase Common Shares at prices substantially below the Market Price of the Common Shares at the time; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then, subject to TSX approval, the Board may make such adjustments to the Stock Option Plan, to any Options and to any related agreements outstanding under the Option Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to holders of Options and/or to provide for the holders to receive and accept such other securities or property in lieu of Common Shares, and the holders shall be bound by any such determination. If the Corporation fixes a record date for a distribution to all or substantially all the holders of Common Shares of cash or other assets (other than a dividend in the ordinary course of business), the Board may, in its sole discretion, but for greater certainty shall not be required to, make adjustments to the exercise price of any Options outstanding on the record date for such distribution, and make such amendments to any option agreements outstanding under the Option Plan to give effect thereto as the Board may, in its sole discretion, consider appropriate in the circumstances.

Adjustment in Connection with Certain Corporate Events

Except in the case of a transaction that is, or if completed in accordance with its terms would result in, a Change of Control (as that term is defined under the heading "*Acceleration of Vesting on Change of Control*" below) of the Corporation, if the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the assets of the Corporation would become the property of any other trust, body corporate, partnership or other person (a "Successor"), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under the Option Plan and the related option agreements outstanding on consummation of such transaction. Any such Successor will succeed to, and be substituted for, and may exercise every right and power of the Corporation under the Stock Option Plan and the related option agreements with the same effect as though the Successor had been named as the Corporation in the Stock Option Plan and the related option agreements, and thereafter the Corporation will be relieved of all obligations and covenants under the Stock Option Plan and such related option agreements and the obligations of the Corporation to the holders of Options in respect of the Options shall terminate and such holders shall cease to have any further rights in respect thereof.

Acceleration of Vesting on Change of Control

In respect of Options granted prior to June 13, 2019 only, in the event of a Change of Control or a determination by the Board that a Change of Control is expected to occur, all outstanding Options shall vest and be immediately exercisable and, to the extent a Service Provider's termination date has not occurred on or before the Change of Control which results in an earlier expiration of such Service Provider's Options, each holder shall have the right to exercise such Options at any time up to and including (but not after) the earlier of: (i) the date which is 90 days

following the date of such Change of Control, or such earlier time as may be established by the Board, in its absolute discretion; and (ii) the expiry date of such Options. A "Change of Control" occurs upon the happening of any of the following: (i) the acquisition by whatever means by a person or persons acting jointly or in concert, directly or indirectly, of the beneficial ownership of, or control or direction over, more than 50% of the issued and outstanding Common Shares (other than pursuant to certain bona fide reorganizations); (ii) the passing of a resolution by the shareholders of the Corporation to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Corporation (other than pursuant to certain bona fide reorganizations); (iii) the sale by the Corporation of all or substantially all of its assets (other than to an affiliate of the Corporation); (iv) individuals who were proposed as nominees to become directors of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for, or an item of business relating to the election of directors of the Corporation, not constituting a majority of the directors of the Corporation following such election; or (v) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Corporation.

In respect of Options granted on or after June 13, 2019 only, in the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, a Service Provider ceases to be a Service Provider as a result of involuntary termination, other than termination for cause, all outstanding Options granted to such terminated Service Provider shall vest and be immediately exercisable and such Service Provider shall have the right to exercise the Options at any time up to and including (but not after) the earlier of: (i) the date which is one-hundred twenty(120) days following such termination date; and (ii) the Expiry Date of the Options.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the Option Plan is terminated by the Corporation, all outstanding Options shall vest on the effective date of discontinuance of the Option Plan and be immediately exercisable and each holder shall have the right to exercise the Options at any time up to and including (but not after) the earlier of: (i) the date which is one hundred and twenty (120) days following the effective date of discontinuance of the Plan; and (ii) the Expiry Date of the Options.

In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for a transaction which, if completed, would constitute a Change of Control, the Board may at its discretion resolve to permit holders of Options to exercise all unexercised vested Options and any unvested Options which would vest on Change of Control, conditional upon the occurrence of the Change of Control, for the purpose of, as applicable, tendering the underlying Common Shares to the take-over bid or voting such Common Shares in respect of the resolution(s) pertaining to the transaction that would give rise to the Change of Control.

Take-Over of the Corporation

In the event of: (i) the acquisition by any person or group of persons acting jointly or in concert, directly or indirectly, of such number of Common Shares as entitle such person(s) to acquire, pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta) or such other comparable legislation applicable to the Corporation at the time, all remaining Common Shares not already acquired by the person(s); or (ii) the receipt of all required shareholder, regulatory and court approvals for an amalgamation, arrangement, consolidation, merger or other business combination pursuant to which such person(s) will, directly or indirectly, upon completion thereof, acquire all of the issued and outstanding Common Shares, the Corporation may at its election, effective on the sending of notice to the remaining holders of Options, terminate such Options for their in-the-money value (based upon the consideration offered under the transaction), payable in Common Shares.

Blackout Period

In the event that an Option expires: (i) during the period within which the holder is prohibited from exercising or trading securities of the Corporation due to trading restrictions imposed by the Corporation on such holder (the "Blackout Period"); or (ii) within three business days after the expiry of the Blackout Period, then the expiry date for that Option will be the date that is the tenth business day after the expiry of the Blackout Period.

Amendments

The Option Plan specifies that the Board shall have the power and authority to discontinue the Option Plan and to approve amendments to the Option Plan or to Options, without the approval of Shareholders including, without

limitation, for any of the following types of amendments: (i) amendments for the purpose of curing any ambiguity, error or omission in the Option Plan or Options, or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan; (ii) amendments necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed; (iii) amendments respecting administration of the Option Plan; (iv) amendments of a "housekeeping" nature; (v) the addition of any form of financial assistance for holders of Options; (vi) changes to the terms and conditions on which Options may be or have been granted pursuant to the Option Plan, including a change to, or acceleration of, the vesting provisions of Options; (vii) amendments to the treatment of Options on ceasing to be a Service Provider; and (viii) a change to the termination provisions of Options or the Option Plan which does not entail an extension beyond the original expiry date.

The Option Plan also specifies amendments that require shareholder approval, including: (i) increasing the maximum number of Common Shares issuable pursuant to the Option Plan; (ii) reducing the exercise price of any New Option or cancelling an Option and subsequently issuing the holder of such Option a new Option in replacement thereof; (iii) extending the term of an Option; (iv) modifying or amending the Option Plan to permit Options to be transferable or assignable, other than for normal estate settlement purposes; (v) adding to the categories of eligible Service Providers under the Option Plan; (vi) removing or amending the Option Plan Insider and Independent Director Participation Restrictions; (vii) amending the amendment provisions of the Option Plan; and (viii) any other amendment to the Option Plan where shareholder approval is required by the TSX.

Subject to the above, the Board may add to, delete from, alter or otherwise amend the provisions of the Option Plan or any Options held thereunder or terminate the Option Plan, provided that: (i) no amendment may, without the written consent of the holder of an Option, materially and adversely impair, alter or amend any Option previously granted to such holder; and (ii) a termination of the Option Plan shall not derogate from the rights of holders of Options held prior to the date of such termination, unless otherwise consented to by such holders.

RSU Plans

The Treasury-Settled RSU Plan authorizes the Board to grant restricted share units ("RSUs") to directors, officers, employees and consultants of the Corporation and any of its subsidiaries (such directors, officers, employees and consultants each individually a "Participant" and collectively "Participants"). RSUs also may be granted under the Treasury-Settled RSU Plan as PSUs, to the extent performance conditions are attached. The purpose of the Treasury-Settled RSU Plan is to provide Participants with the opportunity to acquire a proprietary interest in the growth and development of the Corporation that will be aligned with the interests of the Shareholders, to enable the creation of incentives for Participants to meet certain performance criteria that are aligned with the long term interests of the Shareholders, to associate a portion of the Participant's compensation with the returns of Shareholders over the medium term, and enhance the Corporation's ability to attract, retain and motivate key personnel and reward directors, officers and employees for significant performance.

Administration

The Treasury-Settled RSU Plan is administered by the Board, which has the sole and complete authority, in its discretion, to: (a) interpret the Treasury-Settled RSU Plan and the agreements under which RSUs are granted (the "Grant Agreements") and prescribe, modify and rescind rules and regulations relating to the Treasury-Settled RSU Plan and the Grant Agreements; (b) correct any defect or supply any omission or reconcile any inconsistency in the Treasury-Settled RSU Plan in the manner and to the extent it considers necessary or advisable for the implementation and administration of the Treasury-Settled RSU Plan; (c) exercise rights reserved to the Corporation under the Treasury-Settled RSU Plan; (d) determine whether and the extent to which any performance criteria or other conditions applicable to the vesting of RSUs have been satisfied; (e) prescribe forms for notices to be prescribed by the Corporation under the Treasury-Settled RSU Plan; and (f) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Treasury-Settled RSU Plan.

The Board may, to the extent permitted by law, and subject to regulatory approval, delegate any or all of its administrative responsibilities under the RSU Plans to any committee of the Board or any other one or more persons (the "Administrator").

Certain Restrictions

The Treasury-Settled RSU Plan provides that: (a) the number of Common Shares reserved for issuance from treasury pursuant to the RSUs credited under the Treasury-Settled RSU Plan shall, in the aggregate, equal 5% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group; (b) the aggregate number of Common Shares issuable from treasury to any one Participant under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (c) the aggregate number of Common Shares issuable from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (d) during any one-year period, the aggregate number of Common Shares issued from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (e) the aggregate number of Common Shares issuable to directors of the Corporation who are not employees of the Corporation, together with Common Shares issuable pursuant to any other security based compensation arrangements of the Corporate Group, shall be limited to the lesser of (i) 1% of the issued and outstanding Common Shares, and (ii) maximum annual grants having a value of \$100,000; (f) the Corporation's right to elect to satisfy RSUs by the issuance of Common Shares from treasury will be effective only upon receipt, from time to time, of all necessary approvals of the Treasury-Settled RSU Plan, as amended from time to time, as required by the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded; and (g) if any RSU granted under the Treasury-Settled RSU Plan shall expire, terminate or be cancelled for any reason (including, without limitation, the satisfaction of the RSU by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such RSUs relate shall be available for the purposes of the granting of further RSUs under the Treasury-Settled RSU Plan. If any rights to acquire Common Shares held under any other security based compensation arrangements of a member of the Corporate Group shall be exercised, or shall expire or terminate for any reason without having been exercised in full, any unpurchased Common Shares to which such security relates shall be available for the purposes of granting further securities under the Treasury-Settled RSU Plan.

The restrictions referred to in (c) through (e) above are collectively known as "Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions."

Grant of RSUs and Vesting

The Corporation may from time to time grant RSUs to a Participant in such numbers, at such times (the "Grant Date") and on such terms and conditions, consistent with the Treasury-Settled RSU Plans, as the Board may in its sole discretion determine; provided, however, that no RSUs will be granted after December 15 of a given calendar year. For greater certainty, the Board shall, in its sole discretion, determine any and all conditions to the vesting of any RSUs granted to a Participant, which vesting conditions may be based on either or both of: (a) the Participant's continued employment with, provision of consulting services to, or work as a director of one or more members of the Corporate Group; or (b) such other terms and conditions including, without limitation, performance criteria, as the Board may determine.

Subject to the terms of the Treasury-Settled RSU Plans, the Board may determine other terms or conditions of any RSUs, and shall specify the material terms thereof in the applicable Grant Agreement, which shall be in such form as prescribed by the Board from time to time. Without limiting the generality of the foregoing, such additional terms and conditions may include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting; and (f) the vesting date, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the RSUs in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the RSUs in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of an RSU, waive any such term or condition or determine that it has been satisfied subject to

applicable law, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

Except as otherwise provided in the Treasury-Settled RSU Plan, the number of RSUs subject to each grant, the Expiry Date (defined below) of each RSU, the vesting dates with respect to each grant of RSUs and other terms and conditions relating to each such RSU shall be determined by the Board. The Board may, in its discretion, subsequent to the time of granting RSUs, permit the vesting of all or any portion of unvested RSUs then outstanding and granted to the Participant under the Treasury-Settled RSU Plan, in which event all such unvested RSUs then outstanding and granted to the Participant shall be deemed to be immediately vested, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

RSUs granted will, unless otherwise determined by the Board at the time of the grant, as specifically set out in a Grant Agreement, vest as to one-third on each of the first and second anniversaries of the Grant Date, and the remaining one-third will vest on the earlier of: (i) the third anniversary of the Grant Date; and (ii) December 15 of the third calendar year following the Service Year in respect of which the RSUs were granted.

Terms of RSUs

The "Expiry Date" means, with respect to any RSU, the date specified in an applicable Grant Agreement, if any, as the date on which the RSU will be terminated and cancelled or, if later or no such date is specified in the Grant Agreement, December 31 of the third calendar year following the end of the applicable Service Year. Unless the Expiry Date is set as described in this paragraph, the Expiry Date of each RSU shall be determined by the Board, in its discretion.

Except as set forth below, "Termination Date" means, in respect of a Participant, the date that the Participant ceases to be any of: (i) a director of a member of the Corporate Group; or (ii) actively employed by, or providing services as a consultant to, any member of the Corporate Group for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or consulting relationship with any one or more members of the Corporate Group. The Board will have sole discretion to determine whether a Participant has ceased to be a director, ceased active employment or ceased status as a Consultant and the effective date on which the Participant ceased to be a director, ceased active employment or ceased status as a Consultant. A Participant that is a director, or an employee or a Consultant of any member of the Corporate Group will be deemed not to have ceased to be a director, an employee or a Consultant of any member of the Corporate Group in the case of a transfer of his or her directorship, employment or consulting relationship between members of the Corporate Group or if the Participant is on a Leave of Absence (as defined in the Treasury-Settled RSU Plan).

In respect of US Participants, "Termination Date" means the date of Separation from Service, which is defined as "the Participant's separation from service from the Corporation or any subsidiary within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986. A "US Participant" is a Participant that is (i) a United States citizen or green card holder, or (ii) a United States resident who is subject to United States taxation. If a US Participant is determined to be a "specified employee" (within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder "Section 409A") at the time of Separation of Service, no amounts shall be paid to such US Participant pursuant to the Treasury-Settled RSU Plan during the 6 month period following such Separation from Service if payment of such amounts at the time indicated in the Treasury-Settled RSU Plan would be a prohibited distribution under Section 409A. If payment of any such amounts is delayed as a result of the foregoing, then on the first business day following the end of such 6 month period (or the date of the US Participant's death, if earlier, the Corporation shall pay to the US Participant in a lump-sum such amounts as would have otherwise have been payable previously.

Subject to the paragraphs below, and to any express resolution passed by the Board, on a Participant's Termination Date, any RSUs granted to such Participant which have not vested on or prior to the Participant's Termination Date will terminate and become null and void as of such date. If a Participant's Termination Date occurs during a Blackout Period (as defined in the Treasury-Settled RSU Plan) and the blackout provisions of the Treasury-Settled RSU Plan have the effect of deferring vesting and payout of RSUs until a date that is beyond the Participant's Termination

Date, such Participant's Termination Date will be deemed to be deferred to correspond with such deferred vesting and payout date.

Where a Participant's Termination Date occurs for any reason other than death, retirement or termination for cause, then such Participant shall have the right to be paid out in respect of his or her outstanding vested RSUs.

Where a Participant's Termination Date occurs by reason of the death of the Participant, then all outstanding RSUs granted to such Participant which are not vested shall become vested RSUs on the date of death and be paid out in accordance with the Treasury-Settled RSU Plan and any applicable grant agreement. Where RSUs impacted by such accelerated vesting have been granted as PSUs, a deemed multiplier of 1.0 will be applied to any PSUs that have not yet become eligible to vest as at the date of death. Only a beneficiary of the Participant shall have the right to be paid out under this paragraph and in accordance with the RSU Plans at any time up to and including (but not after) the Expiry Date of the RSU.

Where a Participant's Termination Date occurs as a result of the Participant's retirement, all outstanding RSUs granted to such Participant which are not vested RSUs shall be governed by the policies of the Corporation in effect at the time of the Participant's Termination Date due to retirement.

Where a Participant's Termination Date occurs by reason of the Participant's termination for cause the Participant shall forfeit any and all rights to hold or be paid out in respect of all RSUs and, for greater certainty, all RSUs, whether they be vested RSUs or not, held by such Participant shall be terminated and rendered null and void.

Transfers and Assignments

RSUs may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a Participant may designate in writing an individual as a beneficiary to receive any benefits that are payable under the Treasury-Settled RSU Plan upon the death of the Participant. The Participant may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

Cash Payment or Delivery of Common Shares

The RSU Payment Date, subject to expiry of any Blackout Periods, means, unless the Board selects a different date (which date shall be within the same calendar year that a RSU has vested), the date an RSU has vested, which date shall not, in any event, extend beyond December 15th of the third year following the Service Year for any particular RSU.

As soon as practicable following the RSU Payment Date but in any case prior to December 31 of the third year following the Service Year for any particular RSU and provided a Participant's Termination Date has not first occurred, the Corporation will make to a Participant a cash payment equal to the product of the number of vested RSUs recorded in the Participant's account multiplied by the Fair Market Value applicable on the RSU Payment Date, less any applicable withholding taxes. For the purposes of the RSU Plans, "Fair Market Value" means the volume weighted average trading price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately prior to the applicable date. In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Fair Market Value shall be the market price of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith.

Alternatively, upon the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded, the Corporation or its subsidiaries may, in lieu of the cash payment, as soon as practicable after the RSU Payment Date, either issue (or, subject to the consent of the Corporation and the Board which may be withheld in its sole discretion, cause to be issued) to the Participant or, through a broker designated by the Corporation (the "Designated Broker"), acquire on behalf of such Participant, the number of whole Common Shares that is equal to the number of whole vested RSUs recorded in the Participant's account on the RSU Payment Date (less any amounts in respect of any applicable withholding taxes). If the Corporation or subsidiary elects to arrange for the purchase of Common Shares by a Designated Broker on behalf of the Participant, the Corporation or subsidiary will contribute to the Designated

Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Common Shares to which the Participant is entitled and the Designated Broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, on the TSX (or any other stock exchange on which the Common Shares are listed or traded).

All amounts payable to, or in respect of, a Participant including, without limitation, the issuance or delivery of Common Shares or cash payment, will be paid or delivered on or before December 31 of the third calendar year commencing immediately following the Service Year in respect of the particular RSU. Upon payment in cash or Common Shares, as the case may be, the particular RSU in respect of which such payment was made will be cancelled.

If the RSU Payment Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period applicable to the relevant Participant, then the RSU Payment Date shall be the earlier of (i) the 10th business day after the expiry of the Blackout Period and (ii) December 15th of the third year following the Service Year (or December 15th of the calendar year in which the RSU Payment Date occurs in respect of US Participants) for any particular RSU. Where the RSU Payment Date is deemed because of the Blackout Period to be December 15th of the third year following the Service Year for any particular RSU, the Participant shall be entitled to only a cash payment and not the delivery of Common Shares, in accordance with the payment provisions of the Treasury-Settled RSU Plan.

Adjustments in Connection with an Alteration of the Common Shares

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

Adjustments for Dividends

The Board may, in its sole discretion, elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on Common Shares (the "Dividend Payment Date"), the account of each Participant with additional RSUs. In such case, the number of such additional RSUs to be credited to the Participant's account will be calculated by dividing the total amount of the dividends that would have been paid to such Participant if the RSUs in the Participant's account, as of the record date for payment of such dividends (the "Dividend Record Date"), were Common Shares, by the Fair Market Value on the Dividend Payment Date. However, no RSUs will be credited to a Participant's account in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls after such Participant's Termination Date, except where vesting of RSUs beyond a Participant's Termination Date is contemplated pursuant to the Treasury-Settled RSU Plan as a result of the Participant's retirement, in which case such Participant's account shall be credited in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls on a date that is on or prior to the date upon which vesting in respect of the Participant's RSUs ceases. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to vested RSUs shall, unless otherwise determined by the Board in its sole discretion, also be vested RSUs. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to existing RSUs that had not yet vested shall, unless otherwise determined by the Board in its sole discretion, vest in the same manner as the existing unvested RSUs.

Adjustments for Certain Corporate Events

In respect of RSUs granted prior to June 13, 2019 only, for all Participants, the occurrence of an event of Change of Control or, only for Participants that are not US Participants, the occurrence of a determination by the Board that a Change of Control is expected to occur, will result in the vesting and payout of all outstanding RSUs and, provided

that a Participant's Termination Date has not occurred before the Change of Control which results in an earlier expiration date of such Participant's RSUs, the payout of all outstanding RSUs upon the occurrence of the Change of Control. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be calculated using the multiplier that has already been determined in respect of PSUs that were eligible to vest prior to the occurrence of the Change of Control and by using a multiplier of 1.0 in respect of any PSUs that have not yet become eligible to vest as at the occurrence of the Change of Control.

A determination by the Board that a Change of Control is expected to occur will not result in the vesting of any outstanding RSUs held by a US Participant. No event shall constitute a Change of Control in respect of RSUs held by a US Participant unless such event constitutes a "change in control event" within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder.

In respect of RSUs granted on or after June 13, 2019 only, for all Participants, the occurrence of an event of a Change of Control, followed within one hundred and eighty (180) days of a Change of Control by the occurrence of a Termination Date in respect of a Participant as a result of involuntary termination, other than by way of termination for cause, will result in the vesting and payout of all outstanding RSUs upon the occurrence of the Termination Date. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of one or more performance year(s) that is(are) complete at the time a change of control occurs, any multiplier(s) already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii). Where a Change of Control has occurred but a Participant's PSUs have not been made subject to such accelerated vesting and payout, such PSUs will continue to vest and payout in accordance with the terms of the relevant grant agreement however the foregoing multipliers shall apply.

In the event of a Change of Control, and within one hundred and eighty (180) days immediately following a Change of Control, the Treasury-Settled RSU Plan is terminated by the Corporation, all outstanding RSUs will vest and payout effective as of the date of discontinuance of the Plan. Where RSUs impacted by such accelerated vesting and payout have been granted as PSUs, the multipliers to be applied to each PSU grant will be: (i) in respect of a performance year that is complete at the time a change of control occurs, any multiplier already determined and approved by the Board; (ii) in respect of a performance year during which a change of control occurs, a multiplier to be determined and approved by the Board based on satisfaction of performance criteria as at the time of occurrence of a change of control; and (iii) in respect of any performance year that has not yet begun as at the time a change of control occurs, a multiplier to be determined by calculating an average of the multipliers determined pursuant to (i) if applicable and (ii).

In respect of RSUs granted prior to June 13, 2019 only, if the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a Change of Control, and the Board elects, in connection with the Treasury-Settled RSU Plan, to pay out RSUs through the issuance of shares from treasury or the purchase of shares by a Designated Broker, the Board may, at its discretion, resolve to pay out all unvested RSUs conditional upon the occurrence of the Change of Control, and to permit Participants to tender the underlying shares to the take-over bid or vote such shares in respect of the resolutions pertaining to the transaction that would give rise to the Change of Control. Any such payout of unvested RSUs held by US Participants must occur within the 30 day period prior to the occurrence of the Change of Control and the US Participant shall have no right to designate the taxable year of payment.

Amendment or Discontinuance of the RSU Plans and RSUs

The Treasury-Settled RSU Plan may be amended, suspended or terminated at any time by the Board in whole or in part, provided that no amendment shall be made which would cause the Treasury-Settled RSU Plan, or any RSUs granted, to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) (the "Tax Act") or any successor provision thereto. Upon termination of the Treasury-

Settled RSU Plan, subject to the relevant provisions of the Treasury-Settled RSU Plan relating to accelerated vesting on Change of Control set forth above under "*Adjustments for Certain Corporate Events*" or to a resolution of the Board to the contrary, all unvested RSUs shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the relevant Treasury-Settled RSU Plan existing at the time of its termination and any applicable Grant Agreement, provided that no further RSUs will be credited to the account of any Participant. The Treasury-Settled RSU Plan will terminate on the date upon which no further RSUs granted thereunder remain outstanding.

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Corporation (including any exchange on which the Common Shares are then listed and posted for trading), the Board may at any time, without further action by, or approval of, the holders of Common Shares, amend the Treasury-Settled RSU Plan or any RSU granted thereunder in such respects as it may consider advisable and, it may do so to: (a) ensure that RSUs will comply with any provisions respecting restricted share units or other security based compensation arrangements in the Tax Act or other laws in force in any country or jurisdiction of which a Participant to whom an RSU has been granted may from time to time perform services or be resident; (b) cure any ambiguity, error or omission in the Treasury-Settled RSU Plan or RSUs granted thereunder or to correct or supplement any provision of the Treasury-Settled RSU Plan that is inconsistent with any other provision thereof; (c) comply with applicable law or the requirements of any stock exchange on which the shares are listed; (d) amend the provisions of the Treasury-Settled RSU Plan respecting administration or eligibility for participation thereunder; (e) make amendments of a "housekeeping" nature to the Treasury-Settled RSU Plan; (f) change the terms and conditions on which RSUs may be or have been granted pursuant to the Treasury-Settled RSU Plan, including a change to, or acceleration of, the vesting provisions of such RSUs; (g) amend the treatment of RSUs granted under the Treasury-Settled RSU Plan on ceasing to be a Participant; and (h) change the termination provisions of the Treasury-Settled RSU Plan or RSUs granted thereunder which do not entail an extension beyond the original expiry date. Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any RSUs theretofore granted under the Treasury-Settled RSU Plan.

Notwithstanding the above paragraph, approval of the holders of Common Shares will be required in order to: (a) increase the maximum number of Common Shares issuable pursuant to the Treasury-Settled RSU Plan; (b) amend the determination of Fair Market Value under the Treasury-Settled RSU Plan in respect of any RSU; (c) extend the Expiry Date of any RSU granted under the Treasury-Settled RSU Plan; (d) modify or amend the provisions of the Treasury-Settled RSU Plan in any manner which would permit RSUs, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes; (e) add to the categories of eligible Participants under the Treasury-Settled RSU Plan; (f) remove or amend the Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions; (g) amend the provisions of this paragraph; or (h) make any other amendment to the Treasury-Settled RSU Plan where shareholder approval is required by the TSX.

Notwithstanding the above provisions, should changes be required to the Treasury-Settled RSU Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Treasury-Settled RSU Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Treasury-Settled RSU Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Treasury-Settled RSU Plan, as amended, will be filed with the records of the Corporation and will remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

Corporation Adjustments and the RSU Plan

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

Cash-Settled RSUs

The material terms of the Cash-Settled RSU Plan are the same as those of the Treasury-Settled RSU Plan as summarized above, except as otherwise noted below.

The Cash-Settled RSU Plan provides for the settlement of awards in cash only and does not reserve any Common Shares for issuance from treasury. Consequently, the Cash-Settled RSU Plan does not contain the Treasury-Settled RSU Plan Insider and Independent Participation Restrictions. Furthermore, the Cash-Settled RSU Plan requires settlement in cash only in respect of vested RSUs and does not include any ability of the Corporation to acquire, or to cause a broker to acquire, and issue whole Common Shares in an amount equal to the number of whole vested RSUs recorded in a Participant's account on an RSU Payment Date.

The Cash-Settled RSU Plan does not require the approval of Shareholders in order to make amendments to the Cash-Settled RSU Plan or the RSUs.

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NOTICE OF ANNUAL & SPECIAL MEETING
OF SHAREHOLDERS — JUNE 17, 2020

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