



**ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held On May 15, 2019**

**NOTICE OF MEETING AND  
INFORMATION CIRCULAR**

**April 10, 2019**

**PINE CLIFF ENERGY LTD.**

850, 1015 – 4<sup>th</sup> Street S.W.

Calgary, Alberta

T2R 1J4

**NOTICE OF ANNUAL MEETING OF THE  
SHAREHOLDERS OF PINE CLIFF ENERGY LTD.**

**TAKE NOTICE** that the Annual Meeting (the "**Meeting**") of the shareholders of **PINE CLIFF ENERGY LTD.** (the "**Corporation**") will be held at the Bow Glacier Room/Bow River Room at Centennial Place, West Tower, 3<sup>rd</sup> Floor, 250 – 5<sup>th</sup> Street S.W., Calgary, Alberta, on Wednesday, May 15, 2019, at 11:00 a.m. (Calgary time) for the purposes of:

1. Receiving and considering the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018 and the related report of the auditor thereon;
2. Electing the Corporation's board of directors for the ensuing year;
3. Appointing Deloitte LLP, Chartered Accountants, Calgary, Alberta as the auditors of the Corporation for the ensuing year and authorizing the Corporation's board of directors to fix their remuneration; and
4. Transacting such other business as may properly come before the Meeting or any adjournment to the Meeting.

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular dated April 10, 2019, accompanying, and forming part of, this notice and forming part hereof.

Only shareholders of record at the close of business on April 10, 2019 are entitled to notice of and to attend and vote at the Meeting or any adjournment thereof.

**Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it, in the envelope provided, to Odyssey Trust Company, Stock Exchange Tower, 350 – 300 5th Avenue SW, Calgary, Alberta, T2P 3C4. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to that address not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.**

**DATED** at Calgary, Alberta, this 10th day of April, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) "*Philip B. Hodge*"

Philip B. Hodge

President and Chief Executive Officer

**PINE CLIFF ENERGY LTD.**  
**INFORMATION CIRCULAR**

**ANNUAL MEETING OF SHAREHOLDERS**  
**May 15, 2019**

**SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular dated April 10, 2019 (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Corporation**") for use at the annual meeting of the holders ("**Shareholders**") of common shares of the Corporation ("**Common Shares**") to be held on Wednesday May 15, 2019, at 11:00 a.m., Calgary time (the "**Meeting**") or at any adjournment thereof, for the purposes set forth in the notice of the Meeting (the "**Notice of Meeting**") accompanying this Information Circular.

Enclosed with this Information Circular is a form of proxy (the "**Proxy Form**") for use at the Meeting. A copy of the annual report, which includes the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018, has previously been distributed to the Shareholders. The Shareholders are entitled to vote and are encouraged to participate in the Meeting.

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Notice of Meeting, Proxy Form and this Information Circular will be borne by the Corporation. Management does not contemplate a solicitation of proxies other than by mail.

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

**APPOINTMENT AND REVOCATION OF PROXIES**

**A Shareholder has the right to appoint a nominee, other than the persons designated in the Proxy Form (who does not need to be a Shareholder), to represent them at the Meeting, by inserting the name of their chosen nominee in the space provided for that purpose on the Proxy Form or by completing another proper Proxy Form.** Such a Shareholder should notify the nominee of their appointment, obtain their consent to act as proxy and instruct them on how the Shareholder's shares are to be voted. In any case, the Proxy Form should be dated and executed by the Shareholder or their attorney authorized in writing.

A Proxy Form will not be valid for the Meeting or any adjournment to the Meeting unless it is completed and received by **Odyssey Trust Company, Stock Exchange Tower, 350 – 300 5th Avenue SW, Calgary, Alberta, T2P 3C4** not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may revoke it, by instrument in writing executed by the Shareholder or by their attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney of the Corporation duly authorized and deposited at the registered office of the Corporation at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2R 1J4, Attention: Corporate Secretary, at any time up to and including the last

business day preceding the day of the Meeting, or any adjournment to the Meeting, at which the proxy is to be used, or with the chairman of such Meeting on the date of the Meeting or any adjournment to the Meeting.

## NOTICE TO BENEFICIAL HOLDERS OF SHARES

Only registered Shareholders ("**Registered Shareholders**") or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Shareholder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, this Information Circular, and the Proxy Form to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The Proxy Form supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Proxy Form provided directly to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails the form to Non-Registered Shareholders and asks Non-Registered Shareholders to return the form to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.** Pine Cliff is sending proxy-related materials directly to non-objecting beneficial owners, pursuant to NI 54-101.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder, should enter their own names in the blank space on the Proxy Form or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

## VOTING OF PROXIES

The persons named in the Proxy Form are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct their proxy how to vote their Common Shares by completing the blanks on the Proxy Form.

Common Shares represented by properly executed on the Proxy Form in favour of the persons designated on the Proxy Form will be voted for or withheld from voting in accordance with the instructions made on the Proxy Form, on any ballot that may be called for and, if Shareholders specify a choice as to any matters to be acted upon, such Shareholders' shares shall be voted accordingly. In the absence of such instructions or choices, such Common Shares will be voted in favour of all matters identified in the Notice of Meeting.

The Proxy Form confers discretionary authority upon the persons named with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting such shares. At the time of printing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B preferred shares, issuable in series ("**Preferred Shares**"). As of March 31, 2019, 307,075,787 Common Shares and no Preferred Shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

The Corporation's board of directors (the "**Board**") has fixed April 10, 2019 as the record date (the "**Record Date**") for determining which Shareholders are entitled to receive the Notice of Meeting. A Shareholder of record at the close of business on the Record Date shall be entitled to vote the Common Shares registered in such Shareholder's name on that date, except to the extent that: (a) such person transfers their Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes their ownership to the Common Shares, and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that their name be included on the Shareholders' list.

To the knowledge of the directors and officers of the Corporation, as at April 10, 2019, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the votes which may be cast at the Meeting except as set out in the table below:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Percent</u>
Robert Disbrow Vancouver, British Columbia	35,088,487	11.4%

## QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares. Generally, if a quorum is not present at a Shareholders' meeting within one half hour after the time fixed for the holding

of such meeting, it shall stand adjourned to the same day of the following week. At such adjourned meeting, provided there are at least two Shareholders present, such Shareholders shall form a quorum.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

To the knowledge of the Board, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

### **1. Consolidated Financial Statements**

The audited consolidated financial statements of the Corporation for the year ended December 31, 2018 and the related report of the auditor will be placed before the Meeting. These financial statements and the auditor's report are contained in the Corporation's annual report which has previously been distributed to Shareholders.

### **2. Election of Directors**

At the Meeting, it is proposed that five persons be elected as directors of the Corporation, to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed. There are currently five directors. Pursuant to the *Business Corporations Act* (Alberta), the current directors of the Corporation cease to hold office at the close of the Meeting.

The persons designated in the Proxy Form, unless instructed otherwise, intend to vote for the election of the following nominees. Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the Meeting, the persons designated in the Proxy Form reserve the right to vote for other nominees in their discretion.

The names and municipalities of residence of the five persons nominated for election as directors of the Corporation, the number of Common Shares beneficially owned or controlled or directed, directly or indirectly, by each proposed director, the offices held by each proposed director in the Corporation, the period served as director of the Corporation and the present principal occupation of each proposed director for the past five year are as follows:

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned, Controlled or Directed <sup>(1)</sup>	Time As Director	Principal Occupation
GARY J. DRUMMOND <sup>(2)</sup> Regina, Saskatchewan Canada	10,653,125	Director since 2004.	Private investor and a director of Bonterra Energy Corporation, a public Toronto Stock Exchange ("TSX") listed company ("Bonterra").
GEORGE F. FINK Calgary, Alberta Canada	21,937,366	Director since 2004.	Chairman of the Board of Pine Cliff, and Chairman, Chief Executive Officer and director of Bonterra. Mr. Fink was the Executive Chairman of the Corporation from January 2012 to May 2016.
PHILIP B. HODGE Calgary, Alberta Canada	6,387,000	Director since 2011.	President and Chief Executive Officer of Pine Cliff since January 2012.
RANDY M. JAROCK <sup>(2)</sup> Calgary, Alberta Canada	2,924,077	Director since 2012.	Private investor and a director of Bonterra.
WILLIAM S. RICE, Q.C. <sup>(2)</sup> Calgary, Alberta Canada	200,000	Director since 2016.	Private investor. Chair and Chief Executive Officer of the Alberta Securities Commission from 2005 to 2015 and Chair of the Canadian Securities Administrators from 2011 to 2015.

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors as at March 31, 2019, not being within the knowledge of the Corporation, has been furnished to the Corporation by the individual nominees.
- (2) Members of Pine Cliff's Audit Committee, Reserves Committee and Governance, Nomination and Compensation Committee.

*Corporate Cease Trade Order or Bankruptcies*

None of those persons who are proposed directors of the Corporation is, or has been within the past ten years:

- (a) a director or chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the proposed director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) a director or executive officer of any company, including the Corporation, that while acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or became personally bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or

compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

None of those persons who are proposed directors of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **3. Appointment of Auditors**

At the Meeting, it is the intention of the persons named in the Proxy Form to vote in favour of a resolution to appoint Deloitte LLP, Chartered Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration of the auditors.

### **4. Other Matters to be Acted Upon**

Management of the Corporation is not aware of any matters to come before the Meeting, other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy Form to vote the Common Shares represented thereby in accordance with their best judgment on such matters.

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

Management of the Corporation is not aware of any material interest of any director, executive officer, nominee for election as a director of the Corporation or of any associate or affiliate of any of those persons in respect of any matter to be acted on at the Meeting, except as specifically provided herein.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management of the Corporation is not aware of any material interests, direct or indirect, of any "informed person" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any such person or proposed nominee in any transaction since the beginning of the most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or proposed director, executive officer or employee of the Corporation, or any former director, executive officer or employee of the Corporation, or any associate of any of the foregoing, is, or has been at any time during the most recently completed financial year, indebted to the Corporation, either in connection with the purchase of the Corporation's securities or otherwise.

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

Set out below are the particulars of compensation paid to the following persons (the "Named Executive Officers"):

- a) the Corporation's chief executive officer;
- b) the Corporation's chief financial officer;
- c) each of the three most highly compensated Named Executive Officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity or other management role, other than the chief executive officer and chief financial officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and
- d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2018, the Corporation had six Named Executive Officers, being Philip Hodge, President and Chief Executive Officer, Alan MacDonald, Interim Chief Financial Officer and Corporate Secretary from January 1, 2018 to September 21, 2018, Cheryne Lowe, Chief Financial Officer and Corporate Secretary from September 24, 2018 to the end of the year, Terry McNeill, Chief Operating Officer, Heather Isidoro, Vice President Business Development and Christopher Lee, Vice President Geology.

### Compensation Discussion and Analysis

#### *Compensation Governance*

The Board is responsible for setting the overall compensation strategy of the Corporation and overseeing and reviewing the Corporation's executive compensation program. As part of its mandate, the Board approves the appointment of the Corporation's executive officers and the remuneration of the Corporation's Chief Executive Officer ("CEO"). In addition, the Board will review and approve recommendations of the CEO relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers.

All of the members of the Board have direct experience that is relevant to their responsibilities in executive compensation, as they have each managed executives and/or business leaders in their current and/or past roles. In these roles, they have participated in compensation planning sessions, made compensation decisions and participated in compensation discussions with and without the use of external consultants.

No consultants have been hired by the Board for setting compensation levels in 2018; however, comparatives to peers in similar positions and similar roles have been considered. Base salaries for officers, including the CEO, are established at levels comparable to base salaries paid by the Corporation's industry peer group. In assessing comparability, the Corporation relies upon a review of base salary amounts as disclosed by industry peers in their public disclosure documents. The peer group for benchmarking considered by the Board consists of other oil and gas exploration and development companies with similar

size, financial capacity and business complexity, including Advantage Oil and Gas Ltd., Bellatrix Exploration Ltd., Bonterra Energy Corp., Cardinal Energy Ltd., Crew Energy Inc., Delphi Energy Corp., Gear Energy Ltd., Kelt Exploration Ltd., Obsidian Energy Ltd., Painted Pony Petroleum Ltd., Perpetual Energy Inc., Storm Energy Ltd., Tamarack Valley Energy Ltd., and Yangarra Resources Ltd. Consideration is given to the time period evaluated in industry surveys and public data and to the business climate applicable at the time with respect to industry demand for experienced personnel. Salaries of officers, including that of the CEO, are reviewed annually.

### *Compensation Elements*

The objective of the Corporation's executive compensation program is to attract, motivate, reward and retain talent that is needed to achieve the Corporation's business objectives. The compensation program is designed to ensure that compensation is competitive with companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

The Pine Cliff executive compensation program is comprised of the following principal components:

- a) base salary;
- b) short-term incentive compensation comprised of discretionary cash bonuses based on both corporate and individual performance; and
- c) long-term incentive compensation comprised of stock options, as defined herein.

### Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. These base salaries are reviewed annually by Pine Cliff's Governance, Nomination and Compensation Committee ("GNCC") and consideration is given to, among other things, level of responsibility, experience and expertise of the individuals being reviewed. Salaries of the executive officers are not determined based on benchmarks or a specific formula, although comparable salaries at similar sized companies in the oil and gas industry are considered. The Board, upon the recommendation of the GNCC, determines the salary of the CEO and considers, and if thought appropriate, approves salaries recommended by the CEO for the other executive officers of the Corporation. The CEO approves the salaries for the employees of the Corporation, but these are also reviewed by the GNCC.

### Bonus Plan

The Board, upon recommendation of the GNCC, approves bonus payments to reward executive officers for their contribution to the achievement of corporate accomplishments in carrying out the strategy and vision of Pine Cliff. The bonus pool currently available for distribution to the Corporation's employees consists of a range between 3.0 to 3.75 percent of adjusted funds flow (cash flow from operating activities before adjusting for changes in non-cash working capital and decommissioning obligations settled). The Board, upon recommendation of the GNCC, will determine for each bonus period the percentage of the bonus pool to be set within that range. Pine Cliff normally pays a bonus twice a year, typically in November for the first three quarters of the year and in March for the previous years' fourth quarter. The Board, upon recommendation of the GNCC, determines the bonus of the CEO. The Board considers, and if thought appropriate, approves the bonuses recommended by the CEO for the other executive officers of the

Corporation. The CEO approves the bonuses for the employees of the Corporation, but these are also reviewed by the GNCC.

### Stock Option Plan

The Corporation has adopted a stock option plan (the “**Stock Option Plan**”) pursuant to which options (“**Options**”) to purchase Common Shares may be granted to directors, officers, employees and consultants of the Corporation. The Stock Option Plan is an integral component of the Corporation’s total compensation program in terms of attracting and retaining key employees and enhances shareholder value by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Stock Option Plan complements and balances the other shorter-term elements of the compensation program of the Corporation.

In determining the number of Options to be granted to individuals, the Board, on the recommendation of the GNCC, considers the amount, terms and vesting levels of existing Options held by the individuals and also the number of Options remaining available for grant by the Corporation in the future to attract and retain other management, technical and administrative staff. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made, and is anticipated to be made, by the optionee to the business and affairs of the Corporation, the number of Options that have already been granted to the optionee and such other factors as the GNCC may consider relevant. The Board, upon recommendation of the GNCC, determines the number of Options to be granted to the CEO and considers, and if thought appropriate, approves Option grants recommended by the CEO for the other executive officers, employees and consultants of the Corporation.

The aggregate number of Common Shares that may be available for issuance under the Stock Option Plan shall not exceed 10 percent of the total number of Common Shares outstanding (on a non-diluted basis) at the time of grant. Directors, management, employees and consultants of the Corporation who, in the judgment of the Board, the GNCC and the CEO, will contribute to its future growth and success, are entitled to participate in the Stock Option Plan. The exercise price per Common Share shall not be lower than the closing price of the Common Shares on the TSX on the last trading day preceding the date of grant. In the event that the Common Shares are listed for trading on the TSX and no trades of the Common Shares have taken place on the TSX on any trading day within a five-day period immediately preceding the date of grant, the GNCC may, in its sole discretion subject to TSX approval, select as the exercise price per Common Share the weighted average trading price of the Common Shares on the TSX over the last ten trading days on which the Common Shares traded on the TSX immediately preceding the date of the grant. The term of an Option shall not be less than one year and not more than five years from the date of grant. Unless otherwise specified, Options vest as to one-third of the entitlement each year following the date of grant.

Options are exercisable only during the term of employment or service of an employee, consultant, director or officer when the optionee is considered to be an “Eligible Participant”. In the event of termination of employment with cause, no Option may be exercised following the date on which the optionee ceases to be an Eligible Participant. In the event of death of an optionee, any vested Option held by the optionee shall be exercisable, if the Option was issued ten days or more prior to the date of death, to the person or persons the rights under the Option shall pass to by law for a period of 60 days after the date of death or prior to the expiration of the Option, whichever is sooner. If an optionee ceases to be an Eligible Participant for any other reason than the above, including termination without cause, any vested Option may be exercised for a period of 10 days after the date the optionee ceases to be an Eligible Participant. All benefits, rights and options accruing to any Eligible Participant shall not be assignable or transferable, other than in the event of death.

The issuance of Common Shares to any one Eligible Participant in any 12 month period shall not exceed 5% for employees, directors and officers and 2% for consultants, respectively, of the issued Common Shares (on a non-diluted basis) at the time of grant of any Option (including the Common Shares that are subject to such Option). In addition, the issuance of Common Shares to all Eligible Participants conducting Investor Relations Activities (as defined in the Stock Option Plan), in any 12 month period shall not exceed 2% of the issued Common Shares (on a non-diluted basis) at the time of grant of any Option (including the Common Shares that are subject to such Option) and, the issuance of Common Shares to insiders issued within any 12 month period and issuable at any time, under all security based compensation arrangements, shall not exceed 10% of issued and outstanding Common Shares (on a non-diluted basis).

The Board reserves the right to amend, modify or terminate the Stock Option Plan at any time without shareholder approval subject to the rules of the TSX. Any amendment to any provision of the Stock Option Plan shall be subject to approval, if required, by the TSX or any regulatory body having jurisdiction over the securities of the Corporation, and, if required, by the Shareholders in the manner prescribed by the TSX or any regulatory body having jurisdiction over the Corporation from time to time.

As of December 31, 2018, 21,028,804 Options were outstanding which represents 6.8% of the 307,075,787 Common Shares issued and outstanding. As of December 31, 2018, 9,678,774 Options remained available for future issuance.

In 2018 there were 7,697,800 Options granted, which resulted in a burn rate of 2.5%; in 2017 there were 5,710,150 Options granted, which resulted in a burn rate of 1.9%; and in 2016 there were 12,030,000 Options granted, which resulted in a burn rate of 3.9%.

#### *Risks Associated with Compensation Policies and Practices*

The oversight and administration of the Corporation's executive compensation program require the Board and the GNCC to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the GNCC.

Key considerations regarding risk management include the following:

- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance initiatives with equity based awards that vest over time; and
- ensuring overall expense to the Corporation of the compensation program does not represent a disproportionate percentage of the Corporation's revenues, after giving consideration to the development stage of the Corporation; and utilizing compensation policies that do not rely solely on the specific accomplishment of specific tasks without consideration to longer term risks and objectives.

For the reasons set forth below, the GNCC believes that the Corporation's current executive compensation policies and practices achieve an appropriate balance in relation to the Corporation's overall business strategy and do not encourage executives to expose the Corporation to inappropriate or excessive risks. The base salaries set for the Corporation's executives are intended to provide a steady income regardless of Common Share price performance, allowing executives to focus on both near-term and long-term goals and objectives without undue reliance on short-term Common Share price performance or market fluctuations.

While a significant feature of the Corporation's current executive compensation practice is the awarding of Options under the Stock Option Plan, and while such compensation is "at risk" (i.e. not guaranteed), the Corporation's long-term incentive plans are designed such that Options vest over a three year period and therefore encourage sustainable Common Share price appreciation and reduce the risk of actions which may have short-term advantages.

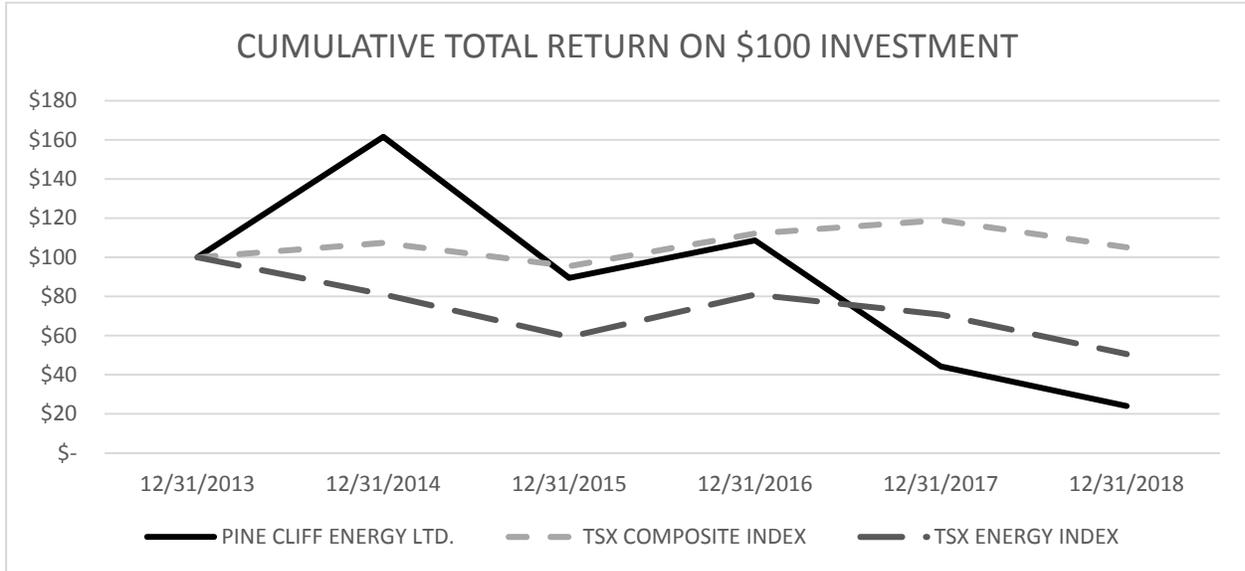
Compensation payable in the form of bonuses is overseen by the GNCC and the Board. The Board does not consider the applicable periods set for bonus purposes to be heavily weighted to the short-term and believes it has struck an appropriate balance between short-term performance incentives and long-term awards that vest over time.

#### *Financial Instruments*

The Corporation does not have a policy that would prohibit a Named Executive Officer or director from personally purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. Such investments will be at the sole risk of the executive officer or director and the Corporation will not be at any risk. Management is not aware of any Named Executive Officer or director purchasing any such instruments related to the Common Shares.

*Performance Graph*

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the Common Shares (assuming a \$100 investment was made on December 31, 2013) and the cumulative total return of the S&P/TSX Composite Index and the TSX Energy Index.



	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
PINE CLIFF ENERGY LTD.	\$100	\$162	\$89	\$109	\$44	\$24
TSX COMPOSITE INDEX	\$100	\$107	\$96	\$112	\$119	\$105
TSX ENERGY INDEX	\$100	\$81	\$59	\$81	\$71	\$51

*Total Shareholder Return ("TSR") and Its Relationship with Executive Compensation*

Executive compensation is defined as the aggregate of base salary, annual bonuses (if any), stock options, and any other miscellaneous types of benefits that may periodically be granted to an executive. When the Board determines overall compensation, it considers a number of factors and performance elements. Although TSR is one performance measure that is reviewed, it is not the only consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

## Summary Compensation Table

The following table sets forth a summary of the annual and long-term compensation for services paid for the three most recently completed financial years for individuals who were Named Executive Officers during the year ended December 31, 2018.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) <sup>(11)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(10)</sup>	Long term incentive plans			
Philip B. Hodge, President and Chief Executive Officer	2018	300,000	nil	115,174 <sup>(1)</sup>	52,800	nil	nil	nil	467,974
	2017	275,000	nil	160,254 <sup>(2)</sup>	225,000	nil	nil	nil	660,254
	2016	275,000	nil	391,313 <sup>(3)</sup>	26,200	nil	nil	nil	692,513
Terry L. McNeill, Chief Operating Officer	2018	240,000	nil	69,104 <sup>(1)</sup>	29,950	nil	nil	nil	339,054
	2017	230,000	nil	114,467 <sup>(2)</sup>	131,500	nil	nil	nil	475,967
	2016	230,000	nil	268,329 <sup>(3)</sup>	16,700	nil	nil	nil	515,029
Cheryne A. Lowe, Chief Financial Officer and Corporate Secretary <sup>(6)</sup>	2018	50,104	nil	18,837 <sup>(4)</sup>	50,000	nil	nil	nil	118,941
	2017	132,938	nil	83,942 <sup>(2)</sup>	32,100	nil	nil	nil	248,980
	2016	181,505	nil	204,974 <sup>(3)</sup>	11,400	nil	nil	nil	397,879
Alan MacDonald, Interim Chief Financial Officer and Corporate Secretary <sup>(7)</sup>	2018	147,502	nil	10,969 <sup>(1)</sup>	6,500	nil	nil	nil	164,971
	2017	60,896	nil	35,834 <sup>(5)</sup>	2,500	nil	nil	nil	99,230
Heather A. Isidoro <sup>(8)</sup>	2018	180,000	nil	38,391 <sup>(1)</sup>	16,550	nil	nil	nil	234,941
	2017	175,000	nil	63,593 <sup>(2)</sup>	71,000	nil	nil	nil	309,593
	2016	154,324	nil	181,712 <sup>(3)</sup>	7,600	nil	nil	nil	343,636
Christopher S. Lee <sup>(9)</sup>	2018	175,000	nil	38,391 <sup>(1)</sup>	16,750	nil	nil	nil	230,141
	2017	160,000	nil	38,156 <sup>(2)</sup>	51,000	nil	nil	nil	249,156
	2016	160,000	nil	145,370 <sup>(3)</sup>	5,800	nil	nil	nil	311,170

### Notes:

- (1) The value of the option-based awards granted on May 15, 2018 is based on an exercise price of \$0.33 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 50%, expected life of 3.0 years, risk-free rate of 2.12%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (2) The value of the option-based awards granted on May 18, 2017 is based on an exercise price of \$0.79 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 50%, expected life of 3.0 years, risk-free rate of 0.74%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (3) The value of the option-based awards granted on December 8, 2016 is based on an exercise price of \$1.16 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 51%, expected life of 3.0 years, risk-free rate of 0.8%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (4) The value of the option-based awards granted on September 24, 2018 is based on an exercise price of \$0.31 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 51%, expected life of 3.0 years, risk-free rate of 2.12%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (5) The value of the option-based awards granted on September 5, 2017 is based on an exercise price of \$0.66 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 48%, expected life of 2.0 years, risk-free rate of 1.34%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (6) Ms. Lowe was appointed Interim Chief Financial Officer and Corporate Secretary on November 16, 2015. On November 14, 2016, Ms. Lowe was appointed Vice President Finance. On January 16, 2017, Ms. Lowe was appointed Chief Financial Officer and Corporate Secretary. Ms. Lowe was on a leave of absence from September 18, 2017 to September 24, 2018.

- (7) Mr. MacDonald was Interim Chief Financial Officer and Corporate Secretary from September 18, 2017 to September 21, 2018.
- (8) Ms. Isidoro was appointed Manager, Business Development on October 21, 2013 and was promoted to Senior Manager, Business Development on April 1, 2016. Ms. Isidoro was promoted to Vice President Business Development on November 9, 2016. Ms. Isidoro was on a leave of absence from May 1, 2015 to March 1, 2016.
- (9) Mr. Lee was appointed Senior Geologist on March 7, 2012. Mr. Lee was promoted to Vice President Geology on November 8, 2017.
- (10) Payments consist solely of amounts awarded under the Company's bonus plan that were paid in 2018.
- (11) The value of perquisites and benefits for each Named Executive Officer is less than 10% of each Named Executive Officer's total salary for the financial year.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2018 to the Named Executive Officers of the Corporation.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Philip B. Hodge	210,000	0.79	May 18, 2019	nil
	210,000	0.79	May 18, 2020	nil
	210,000	0.79	May 18, 2021	nil
	220,000	1.10	Nov 17, 2019	nil
	350,000	1.16	Dec 08, 2019	nil
	350,000	1.16	Dec 08, 2020	nil
	350,000	0.33	May 15, 2020	nil
	350,000	0.33	May 15, 2021	nil
	350,000	0.33	May 15, 2022	nil
Terry L. McNeill	150,000	0.79	May 18, 2019	nil
	150,000	0.79	May 18, 2020	nil
	150,000	0.79	May 18, 2021	nil
	154,000	1.10	Nov 17, 2019	nil
	240,000	1.16	Dec 08, 2019	nil
	240,000	1.16	Dec 08, 2020	nil
	210,000	0.33	May 15, 2020	nil
	210,000	0.33	May 15, 2021	nil
	210,000	0.33	May 15, 2022	nil
Cheryne A. Lowe	110,000	0.79	May 18, 2019	nil
	110,000	0.79	May 18, 2020	nil
	110,000	0.79	May 18, 2021	nil
	183,333	1.16	Dec 08, 2019	nil
	183,334	1.16	Dec 08, 2020	nil
	62,500	0.31	Sep 24, 2020	nil
	62,500	0.31	Sep 24, 2021	nil
	62,500	0.31	Sep 24, 2022	nil
	62,500	0.31	Sep 24, 2022	nil
Heather A. Isidoro	83,334	0.79	May 18, 2019	nil
	83,333	0.79	May 18, 2020	nil
	83,333	0.79	May 18, 2021	nil
	110,000	1.10	Nov 17, 2019	nil
	150,000	1.16	Dec 08, 2019	nil
	150,000	1.16	Dec 08, 2020	nil
	116,667	0.33	May 15, 2020	nil
	116,667	0.33	May 15, 2021	nil
	116,666	0.33	May 15, 2022	nil
Christopher S. Lee	50,000	0.79	May 18, 2019	nil
	50,000	0.79	May 18, 2020	nil
	50,000	0.79	May 18, 2021	nil
	88,000	1.10	Nov 17, 2019	nil
	120,000	1.16	Dec 08, 2019	nil
	120,000	1.16	Dec 08, 2020	nil
	116,667	0.33	May 15, 2020	nil
	116,667	0.33	May 15, 2021	nil
	116,666	0.33	May 15, 2022	nil

#### Notes:

- (1) Value is calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on the TSX on December 29, 2018 of \$0.25.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information relating to the value vested or earned during the Corporation's financial year ended December 31, 2018 in respect of option-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Philip B. Hodge	335,850	nil	52,800
Terry L. McNeill	233,700	nil	29,950
Cheryne A. Lowe	72,510	nil	50,000
Alan MacDonald	36,345	nil	6,500
Heather A. Isidoro	152,932	nil	16,550
Christopher S. Lee	118,703	nil	16,750

**Pension Plan Benefits**

Pine Cliff does not have a pension plan or similar benefit program.

**Termination and Change of Control Benefits**

The Corporation has no written contract, agreement, plan or arrangement that provides for payments or benefits to Named Executive Officers in connection with any termination, resignation, retirement, change of control of the Corporation or change in the responsibilities of the Named Executive Officer, except for provisions of the Stock Option Plan which provide for the exercise of unvested Options in the event of a change of control of the Corporation. The value of unvested Options held by Named Executive Officers at December 31, 2018 (based on the closing price of the Common Shares on the TSX on December 29, 2018) was \$nil.

**Director Compensation for Directors who are Not Named Executive Officers of the Corporation**

*Director Compensation Table*

The following table sets forth information in respect of all amounts of compensation provided to the directors who were not Named Executive Officers during the Corporation's financial year ended December 31, 2018.

Effective January 1, 2018, each non-executive director was paid an annual retainer of \$50,000. Executive officers of the Corporation, who also act as directors of the Corporation, do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. There is no formal policy for the granting of Options to directors. Options may be granted from time to time as approved by the Board as recommended by the GNCC.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gary J. Drummond	50,000	nil	32,940 <sup>(1)</sup>	nil	n/a	nil	82,940
George F. Fink	50,000	nil	42,230 <sup>(1)</sup>	nil	n/a	nil	92,230
Randy M. Jarock	50,000	nil	32,940 <sup>(1)</sup>	nil	n/a	nil	82,940
William S. Rice	50,000	nil	32,940 <sup>(1)</sup>	nil	n/a	nil	82,940

**Notes:**

- (1) The value of the option-based awards granted on May 15, 2018 is based on an exercise price of \$0.33 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 50%, expected life of 3.0 years, risk-free rate of 2.12%, forfeiture rate of 3.9%, and expected dividend yield of 0%.

*Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2018 to the directors of the Corporation who were not Named Executive Officers.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Gary J. Drummond	70,000	0.79	May 18, 2019	nil
	70,000	0.79	May 18, 2020	nil
	70,000	0.79	May 18, 2021	nil
	80,666	1.10	Nov 17, 2019	nil
	100,000	1.16	Dec 08, 2019	nil
	100,000	1.16	Dec 08, 2020	nil
	100,100	0.33	May 15, 2020	nil
	100,100	0.33	May 15, 2021	nil
	100,100	0.33	May 15, 2022	nil
George F. Fink	90,000	0.79	May 18, 2019	nil
	90,000	0.79	May 18, 2020	nil
	90,000	0.79	May 18, 2021	nil
	154,000	1.10	Nov 17, 2019	nil
	150,000	1.16	Dec 08, 2019	nil
	150,000	1.16	Dec 08, 2020	nil
	128,333	0.33	May 15, 2020	nil
	128,333	0.33	May 15, 2021	nil
	128,334	0.33	May 15, 2022	nil
Randy M. Jarock	70,000	0.79	May 18, 2019	nil
	70,000	0.79	May 18, 2020	nil
	70,000	0.79	May 18, 2021	nil
	80,666	1.10	Nov 17, 2019	nil
	100,000	1.16	Dec 08, 2019	nil
	100,000	1.16	Dec 08, 2020	nil
	100,100	0.33	May 15, 2020	nil
	100,100	0.33	May 15, 2021	nil
	100,100	0.33	May 15, 2022	nil
William S. Rice	70,000	0.79	May 18, 2019	nil
	70,000	0.79	May 18, 2020	nil
	70,000	0.79	May 18, 2021	nil
	100,000	0.73	May 19, 2019	nil
	100,000	0.73	May 19, 2020	nil
	62,000	1.16	Dec 08, 2019	nil
	62,000	1.16	Dec 08, 2020	nil
	100,100	0.33	May 15, 2020	nil
	100,100	0.33	May 15, 2021	nil
	100,100	0.33	May 15, 2022	nil

**Notes:**

- (1) Value is calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on the TSX on December 29, 2018 of \$0.25.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth information in respect of the value vested or earned during the Corporation’s financial year ended December 31, 2018 of option-based awards, share-based awards and non-equity incentive plan compensation for non-executive directors of the Corporation.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Gary J. Drummond	109,990	nil	nil
George F. Fink	183,660	nil	nil
Randy M. Jarock	109,990	nil	nil
William S. Rice	66,039	nil	nil

**EQUITY COMPENSATION PLAN INFORMATION**

As of December 31, 2018, equity securities are authorized for issuance as follows:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders - Stock Option Plan	21,028,804	0.75	9,678,774 <sup>(1)</sup>
Equity compensation plans not approved by security holders	nil	nil	nil
<b>Total</b>	<b>21,028,809</b>	<b>0.75</b>	<b>9,678,774</b>

**Note:**

- (1) The Stock Option Plan reserves for issuance a maximum of 10% of the 307,075,787 Common Shares outstanding at December 31, 2018.

**DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Information Circular the disclosure required under Form 58-101F1 with respect to the corporate governance guidelines set out under National Policy 58-201 *Corporate Governance Guidelines*.

**Board of Directors**

The Board is responsible for supervising the management of the business and affairs of the Corporation and is presently comprised of five directors, of which three are independent. The independent directors are Messrs. Drummond, Jarock and Rice. The Chairman of the Board and former Executive Chairman of the Board of the Corporation, Mr. Fink, and the President and Chief Executive Officer of the Corporation, Mr. Hodge, are not independent as they are or have been each an executive officer of the Corporation in the past three years. The Board facilitates its exercise of independent supervision over management by having the option to hold *in camera* sessions at the end or during meetings of the Board or its committees, whereby the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting are asked to leave the meeting in order for the independent directors to meet. Whether such *in camera* sessions occur is at the sole discretion of the independent directors.

Certain of the Corporation's directors serve as directors of other reporting issuers as indicated in the table below.

<b>Director</b>	<b>Directorships Held</b>
Gary J. Drummond	Bonterra Energy Corp.
George F. Fink	Bonterra Energy Corp.
Randy M. Jarock	Bonterra Energy Corp.

The independent members of the Board do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance. However, at such times as fully independent meetings are required, the non-independent directors and management would be excluded. During the most recently completed financial year, the independent directors of the Corporation were given the opportunity to hold in camera meetings without the non-independents director and members of management present at all seven scheduled meetings of the Board, of which they chose to have in-camera meetings at two of them. Mr. Fink is the Chairman of the Board and is not considered independent at this time. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors both inside and outside of the scheduled Board and its committee meetings.

The following is a summary of the attendance of the directors at meetings of the Board and its committees for 2018:

<b>Name</b>	<b>Board of Directors</b>	<b>Audit Committee</b>	<b>Reserves Committee</b>	<b>GNCC</b>
Gary J. Drummond	7/7	4/4	2/2	4/4
George F. Fink	7/7	-	-	-
Philip B. Hodge	7/7	-	-	-
Randy M. Jarock	7/7	4/4	2/2	4/4
William S. Rice	7/7	4/4	2/2	4/4

### **Board and Board Committees**

The Board is responsible for supervising the management of the business and affairs of the Corporation. The Board meets or has conference call meetings at least four times per year. The Board performance is evaluated annually by all of the Board members and indirectly by all of the Shareholders in that the directors are required to be elected each year by the Shareholders.

The Board's mandate is attached as Schedule "A" to this Information Circular.

The Board’s committees are the Audit Committee, Reserves Committee and the GNCC (collectively, the “**Committees**”). Each of the Committees meets a minimum number of times per year as required to conduct its respective duties. Agendas are provided to all directors in advance of all meetings and are generally prepared by the Corporation’s management and the respective Chair of the Committee after discussion with Board members who are responsible for particular items with regard to the agenda. Minutes of each Board and Committee meeting are provided for review and approval to the relevant members before execution.

The Board and each Committee can meet independently of management at any time and are encouraged to do so whenever a member deems it is warranted. The Board and each Committee also have the authority to engage independent advisors, paid for by the Corporation, to provide it with expert advice if required. The Committees are comprised of the members set out in the following table:

<b>Committee</b>	<b>Members</b>	<b>Independent</b>
Audit Committee	Randy M. Jarock – Chair	Yes
	Gary J. Drummond	Yes
	William S. Rice	Yes
Reserves Committee	Randy M. Jarock – Chair	Yes
	Gary J. Drummond	Yes
	William S. Rice	Yes
Governance, Nomination and Compensation Committee	William S. Rice – Chair	Yes
	Gary J. Drummond	Yes
	Randy M. Jarock	Yes

For details about the composition of the Audit Committee, including a copy of the mandate of the Audit Committee, please refer to the Corporation's annual information form for the year ended December 31, 2018 under the heading "Audit Committee Information", available under the Corporation's profile at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com) (the “**Website**”).

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator’s independence, review and approve the expected fees of the reserves evaluator, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Corporation’s annual reserve report and consent forms of management and the reserves evaluator. The Reserves Committee charter is available on the Website.

The function of the GNCC is to evaluate, set and approve the level and form of compensation of the Corporation, particularly for the CEO and Board, the nomination of new Board members and developing and monitoring the Corporation’s general approach to corporate governance issues and applicable corporate governance guidelines. The GNCC charter is available on the Website.

### **Position Descriptions**

Summaries of position descriptions are as follows:

#### **Chairman of the Board**

The main responsibility of the Chairman of the Board is to provide effective Board leadership, overseeing all aspects of the Board's direction and administration in fulfilling the terms of the mandate of the Board,

fostering ethical and responsible decision making by the Board and its individual members and overseeing the structure, composition, membership and activities delegated to the Board and its Committees.

### **Committee Chairs**

The Chairs of each Committee are responsible for fulfilling the terms of the mandates of each Committee. The Chairs of the Committees are responsible for setting the agenda for each of their respective Committee meetings. The Chair of each Committee reports to the Board following each Committee meeting.

### **CEO Position**

The CEO is ultimately responsible for directing and monitoring the activities and resources of the Corporation consistent with the strategic direction, financial limits and operating objectives adopted by the Board.

### **Orientation and Continuing Education**

The Board has not developed a formal orientation and education program for new directors. Directors are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and to visit the Corporation's operations. Members of the Board have full access to the Corporation's records and to any of the Corporation's employees or consultants. The Board receives regular management reports and presentations with respect to the Corporation's operations and activities.

### **Ethical Business Conduct**

The Corporation has adopted a written Code of Business Conduct and Ethics (the "**Code**"). The Board takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of their employment and as and when directed by management, to sign a copy of the Code acknowledging that they have read, understood and will comply with the Code. The Code applies to the Corporation's directors, executive officers, management, employees and consultants, each of whom is expected to ensure that their behaviour accords with the letter and the spirit of the Code. The Code also encourages all parties who engage in business with the Corporation to report any perceived and all actual breaches of the Code in accordance with the Corporation's Whistle Blower Policy. The Chairman of the Board is responsible for investigating complaints, presenting complaints to the Board and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the Chairman of the Board will advise the complainant of the corrective measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors, executive officers and management against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practicable. Complainants may also submit their concerns anonymously in writing. However, complaints that in the future are determined to be inaccurate or untruthful could result in suspension or dismissal. The Code is available on the Website.

In addition to the Code, the Corporation has an Audit Committee charter regarding the collection and dissemination of accounting information, and a Whistle Blower Policy with respect to reporting accounting and auditing irregularities, as well as other corporate misconduct and breaches of the Code. The Whistle Blower Policy is available on the Website.

Since the beginning of the most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

## **Nomination**

Responsibility for identifying candidates to join the Board belongs to the GNCC. The criteria that GNCC members are asked to consider in identifying candidates include the independence of the individual, their financial and industry acumen and skills, and their availability to devote sufficient time to the duties of the Board. GNCC members who have identified new candidates present information regarding the candidate at a meeting of the GNCC, the GNCC makes an assessment to determine whether the candidate meets the criteria established by the GNCC, and then makes a decision whether to interview the candidate. If the Board members who interviewed the candidate are in favour of having the candidate stand for election, the GNCC will recommend to the Board to take a vote and if the candidate is approved, the candidate can either be appointed immediately in concurrence with the Corporation's by-laws or can become a nominee for election by Shareholders at the next Shareholder meeting. The GNCC ensures objectivity in the nomination process by ensuring that the independent directors play an active role in the nomination process.

## **Compensation**

Responsibility for determining the compensation of the directors and the CEO belongs to the GNCC, which then will make any recommendations to the Board. The criteria that GNCC members are asked to consider in determining compensation includes the objectives set by the Corporation for the directors and the CEO as against the performance, shareholder returns and other achievements of the Corporation. The GNCC may engage the services of a compensation advisor to advise the Corporation regarding the form and amount of compensation awarded by corporations similar in size and industry to the Corporation, including competitors. The GNCC also considers publicly available information regarding compensation of other listed oil and gas issuers of similar size to Pine Cliff. The GNCC holds meetings each year to discuss compensation, review any proposals of the CEO (without the CEO being present in the case of his compensation), and then votes on the proposed compensation.

With respect to directors' compensation, the GNCC reviews the level and form of compensation received by the members and chairs of the Board and Committees, considering the duties and responsibilities of each member, their past service and continuing duties in service to the Corporation.

## **Term Limits**

The Board has not adopted term limits for Board members. However, the Board has a process in place for the annual review of the performance of the Board as a whole and the individual Committees and directors. Through this annual review process, the Board determines whether there are any performance issues to be dealt with and therefore whether the directors both collectively and individually, are able to continue to make an effective contribution to the governance of the Corporation and recommend changes when appropriate. The Board is of the view that a regular review process is more effective than arbitrary term limits or a mandatory retirement age.

## **Women on the Board and in Executive Officer Positions**

The Corporation has not adopted written policies or targets relating to the identification and nomination of women directors or the appointment of women to executive officer positions. The Board evaluates potential nominees to the Board by reviewing the qualifications of prospective nominees relative to the skills and experience that it anticipates are needed to enhance the capabilities of the Board. Similarly, the Board evaluates candidates for executive officer positions primarily based on whether a particular candidate has the skills and experience that are necessary to be successful in the particular position.

Although the Corporation has not adopted written policies or targets relating to the appointment of women as directors and officers, and while the emphasis in any search to fill vacancies has been on finding the best qualified candidate, the Corporation recognizes the potential benefit of incorporating different perspectives into management decisions and, accordingly, an individual's diversity with respect to gender, race, nationality, age and other attributes is considered favourably in the assessment of candidates for director or officer positions. Subject to the above, gender diversity on the Board would be considered a priority if and when the GNCC is ever seeking to replace or add a Board member.

The Corporation does not currently have any women that serve on the Board (0%) and has two women serving in executive officer positions (40%).

### **Assessment**

The Board takes steps to satisfy itself that the Board and the Committees and individual directors are performing effectively by conducting an annual evaluation and assessment of the performance, contribution and effectiveness of the Board, the committees and individual directors.

### **Majority Voting Policy**

The Board has adopted a policy which requires that any nominee for director who receives a greater number of votes “withheld” than votes “for” his or her election as a director, in connection with an uncontested election, shall immediately submit his or her resignation to the Board following the annual Shareholders’ meeting. The Board shall consider the resignation and determine whether or not to accept the resignation within 90 days of the applicable meeting and a press release shall be issued by the Corporation announcing the Board’s determination. Any director who tenders his or her resignation shall not participate in any Board meeting to consider whether the resignation shall be accepted. The Board shall accept the resignation absent exceptional circumstances.

## **AUDIT COMMITTEE INFORMATION**

Under National Instrument 52-110 *Audit Committees*, the Corporation is required to include in its Annual Information Form (“AIF”) the disclosure required under Form 52-110F1 with respect to its Audit Committee, including the text of its Audit Committee charter, the composition of the Audit Committee and the fees paid to the external auditor. The Corporation’s disclosure with respect to the foregoing is contained in the section in its AIF dated March 13, 2018 entitled “Audit Committee Information”. A copy of the AIF has been filed in SEDAR at [www.sedar.com](http://www.sedar.com). Copies of the AIF are also available free of charge by making a written request to the Corporation at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2R 1J4, Attention : Chief Financial Officer.

## **ADDITIONAL INFORMATION**

Financial information is provided in the Corporation’s audited consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2018, copies of which are available by making a written request to the Corporation at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2R 1J4. **Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Website.**

**SCHEDULE "A"**  
**MANDATE OF THE BOARD OF DIRECTORS OF PINE CLIFF ENERGY LTD.**

**MANDATE OF THE BOARD OF DIRECTORS OF  
PINE CLIFF ENERGY LTD. (THE "CORPORATION")**

The primary responsibility of the Board of Directors is to supervise the management of the Corporation to ensure the long term success of the Corporation and to maximize shareholder value. Any responsibility which has not been delegated to management remains with the Board of Directors of the Corporation (the "**Board**").

**COMPOSITION**

The Board shall consist of such number of Directors as is fixed by the Articles of Incorporation (the "**Articles**"), or where the Articles specify a variable number, such number of Directors as may be determined from time to time by the Corporation's shareholders by ordinary resolution. At least 25 percent of the Directors shall be resident Canadians. Except as set out in the By-Laws of the Corporation, Board members will be elected at the annual meeting of the shareholders and will serve until their successors are duly appointed. All members of the Board shall have the skills and abilities required to carry out their duties and responsibilities in the most effective manner. The Board shall endeavour to always have the right mix of experience and competencies to discharge its responsibilities.

**MEETINGS**

The Board meets or has conference call meetings at least four times per year, and as deemed necessary in order to carry out its duties effectively. The Board shall also retain independent advice, if deemed necessary, which will be paid for by the Corporation.

**DUTIES AND RESPONSIBILITIES**

The Board is charged with the overall stewardship of the Corporation and manages or supervises the business of the Corporation and its management. The Board' responsibilities include:

**1. Management Selection, Retention and Succession**

- Select, appoint and if necessary terminate the Chief Executive Officer ("**CEO**")
- Approve the list of directors standing for election
- Review this mandate annually and recommend changes to the Board when necessary
- Annually appoint directors to Board committees and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- At the Board's discretion, appoint any other Board committees that the Board decides are needed and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- Approve compensation and compensation programs for senior management, as recommended by the CEO
- Assess the CEO against corporate objectives approved by the Board
- Assess, annually, the effectiveness and the performance of the Board, committees and directors in fulfilling their responsibilities
- Approve director's compensation

**2. Strategy**

- Review and approve the corporate objectives developed by the CEO
- Review, adopt and monitor the Corporation's strategic planning process
- Monitor the Corporation's performance in light of the approved strategic planning process

**3. Corporate Ethics and Integrity**

- Review and monitor the Corporation's Code of Conduct and disclose any waivers of the code for officers and directors
- Review and respond to potential conflict of interest situations
- Ensure policies and processes are in place for the identification of principal business risks and review and approve risk management strategies
- Approve corporate policies and other corporate protocols and controls
- Approve the Corporation's policy on public disclosure

**4. Financial Responsibilities**

- Approve the annual financial statements of the Corporation, as recommended by the Audit Committee
- Approve the quarterly interim financial statements of the Corporation, as recommended by the Audit Committee
- Recommend to the shareholders the appointment of the Corporation's external auditors, as recommended by the Audit Committee
- Review and approve annually the Corporation's operating budget
- Review, as deemed necessary, approval authorities to the CEO and senior management
- Approve financial commitments in excess of delegated approval authorities
- Review and approve any material acquisitions, divestments, and corporate reorganizations
- Assess and approve any material securities offerings, financing or banking arrangements

**TIMETABLE**

The Board's work schedule will be conducted on an ongoing basis to serve the requirements of applicable regulations.