



## BOARD OF DIRECTORS MANDATE

### 1. Purpose

The Board of Directors (the “**Board**”) is responsible for the stewardship of Painted Pony Energy Ltd. (the “**Corporation**”). It has the duty to oversee the strategic direction of the Corporation and to supervise the management of the Corporation’s business and affairs, with a view to the best interests of the Corporation and suitable governance and ethical leadership principles.

The Board, directly and through its committees, shall provide direction and guidance to the Corporation, generally through the Corporation’s Chief Executive Officer (the “**CEO**”).

### 2. Membership

#### ***General***

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings are in accordance with the requirements of the *Business Corporations Act* (Alberta) (the “**ABCA**”), the *Securities Act* (Alberta) (the “**Act**”), any exchange upon which securities of the Corporation are traded (the “**Exchange**”) and the articles and by-laws of the Corporation, subject to any exemptions or relief that may be granted from such requirements.

#### ***Number of Members***

The number of members of the Board shall be set in accordance with the requirements of the ABCA, the Act, the Exchange and the articles and by-laws of the Corporation, subject to any exemptions or relief that may be granted from such requirements.

#### ***Independence of Members***

The majority of the members of the Board must be independent, within the meaning of the provisions of National Policy 58-201 *Corporate Governance Guidelines*.

At least annually, the Board shall receive and review a report of the Governance Committee that evaluates the director independence standards set out herein; makes a determination as to the independence of each director in accordance with these standards; and advises on its assessment of the Board’s ability to act independently from management in fulfilling its duties.

#### ***Qualifications; Knowledge of Corporation; Time Commitment; Meeting Attendance***

Subject to any exemptions or relief that may be granted, each member of the Board shall satisfy all the applicable director qualification requirements of the ABCA, the Act, the Exchange and the articles and by-laws of the Corporation.

In addition, each member of the Board shall have, or shall acquire within a reasonable period of time following election or appointment to the Board, an understanding of the Corporation’s (i) assets and operations, (ii) principal operational and financial objectives and performance and (iii) plans and strategies.

Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are required to advise the chair of the Nominating Committee.

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors are expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in each meeting.

### ***Chair***

The Board shall designate one member of the Board as Chair of the Board (the “**Chair**”). The Chair must be an independent director.

The Chair shall be responsible for ensuring that the Board is properly organized, functions effectively and meets its obligations and responsibilities. The Chair shall be responsible for the scheduling of Board meetings and the establishment of meeting agendas. The Chair shall liaise and communicate with the chair of each committee to coordinate reports from the committees at meetings of the Board.

The Chair shall preside over all meetings of the Board, and in the Chair’s absence, the members of the Board may designate from among the independent members a chair for the purposes of such meeting.

### ***Term of Members***

Each director elected at an annual meeting of shareholders of the Corporation (the “**Annual Shareholder Meeting**”) or appointed pursuant to the ABCA or the by-laws of the Corporation will hold office until the termination of the subsequent Annual Shareholder Meeting, unless such director is re-elected as a director or, prior to that time, resigns or is removed from, or otherwise ceases to be a member of, the Board.

### ***Delegation***

The Board may designate a committee or any director to review any matter within its Mandate as the Board deems appropriate.

### ***Committees***

The Board has established a number of committees to conduct, on its behalf, the oversight of various matters. As of the date of this Mandate, the standing committees of the Board are: Audit and Risk; Reserves and Health, Safety and Environment (“**HSE**”); Governance; Nominating; and Compensation and Human Resources (“**HR**”).

Each committee operates pursuant to a charter approved by the Board that sets out the duties and responsibilities that the Board has delegated to that committee. At least annually, each charter is reviewed by the Governance Committee and any suggested amendments are brought to the Board for consideration and approval.

The Board determines the assignment of directors to each committee and the designation of a chair for each committee and reviews such assignments at least annually.

To facilitate communication between the Board and each committee, each committee chair provides a report to the Board on material matters considered by the committee at the first Board meeting following the committee's meeting.

### ***Service on Other Boards***

Directors may serve on the boards of other entities, including other public entities, so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public entity.

## **3. Meetings**

### ***Number of Meetings***

The Board may meet as many times per year as the Chair may determine, and as necessary to carry out its duties and responsibilities, but, at a minimum, shall meet four times per year.

### ***Quorum***

No business may be transacted by the Board at a meeting unless a quorum of the Board is present. A majority of members of the Board, present in person or by telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, shall constitute a quorum.

### ***Calling of Meetings***

Any member of the Board may call a meeting of the Board.

### ***Business at Meetings***

The affirmative vote of a majority of the members of the Board participating in any meeting of the Board is necessary for the adoption of any resolution of the Board. In case of an equality of votes, the Chair shall not be entitled to a second or casting vote.

### ***Secretary***

The Corporate Secretary of the Corporation shall serve as Secretary to the Board. The Corporate Secretary shall attend all Board meetings; ensure proper minutes and other records are maintained; manage the preparation and delivery of Board materials; and perform such other duties as may be required or requested from time to time. The Corporate Secretary is responsible for advising the Board on compliance with this Mandate and the statutory and regulatory obligations of the Board.

### ***Minutes***

The Board shall maintain minutes or other records of meetings and activities of the Board in sufficient detail to convey the substance of all business conducted and discussions held. Draft minutes shall be circulated to the Chair within a reasonable time after a meeting and thereafter shall be presented to the Board for approval.

### ***Attendance of Non-Members***

The Board may also invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

### ***In Camera Meetings***

At each of its meetings the Board shall hold (i) an in camera meeting at which management or advisors are not present, and (ii) an in camera meeting at which only the independent directors are present.

### ***Procedure***

The meeting procedures of the Board shall be set in accordance with the requirements of the ABCA, the Act, the Exchange and the articles and by-laws of the Corporation, subject to any exemptions or relief that may be granted from such requirements.

### ***Access to Information***

The Board shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

## **4. Duties and Responsibilities**

In addition to the duties placed on the Board under the requirements of the ABCA, the Act, the Exchange, the articles and by-laws of the Corporation and otherwise at law, the Board has the specific duties and responsibilities outlined below.

### ***Strategy and Strategic Planning***

The Board is responsible for leading the development of the Corporation's strategy and overseeing the implementation of the Corporation's strategic plans.

The Board has adopted a strategic planning process. Pursuant to that process, the Corporation's management prepares an annual strategic plan that is reviewed and approved by the Board. In considering the proposed annual strategic plan, the Board considers, among other things, emerging trends; the competitive environment; the opportunities available to the Corporation; the human and financial resources available to the Corporation to execute on the strategic plan; and the risks to achievement of strategic objectives. The Board oversees the implementation of the strategic plan through its review and approval of the annual business and capital plans developed by management, as well as the policies and processes generated by management relating to, among other things, the authorization of major investments and significant allocation of capital.

The Board regularly reviews the strategic plan throughout the year, and monitors the Corporation's performance in achieving the objectives set out in the annual strategic plan.

### ***Risk Management***

The Board oversees the Corporation's processes and systems for identification and management of the Corporation's principal risks.

The Board is responsible for approving the Corporation's risk parameters including risk tolerance and appetite, and for considering the risks associated with the Corporation's strategy and strategic plans.

The Board oversees management's development and implementation of systems, policies and processes for identifying, evaluating, prioritizing, mitigating and monitoring risks. The Board has delegated this oversight to various of its committees. Each of the Reserves and HSE Committee, the Compensation and HR Committee and the Governance Committee is responsible for the oversight of risk management for risks pertaining to their respective mandates. The Audit and Risk Committee has been delegated the responsibility for oversight of risk relating to strategy, financial matters and internal controls and for other risks not specifically within the mandate of other committees.

Each committee receives and reviews reports from management regarding the principal risks associated with the Corporation's business and operations as pertaining to its mandate; reviews the implementation by management of appropriate systems to manage these risks; and reviews reports by management relating to the operation of, and any material deficiencies in, these systems. Each committee provides reports to the Board on these matters from time to time.

### ***Ethical Leadership, Corporate Responsibility and Sustainability***

The Board is responsible for guiding the Corporation in maintaining a culture of integrity and for ensuring that management provides ethical leadership.

The Board shall satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers strive to create a culture of integrity throughout the Corporation.

The Board has adopted a written Code of Ethics (the "**Code**") applicable to directors, officers, employees and consultants of the Corporation. The Board, through its Governance Committee, monitors compliance with the Code, and oversees management's systems and processes for ensuring compliance with the Code and with ethical business practices. The Board receives and reviews reports from the Governance Committee concerning investigations into and resolutions of complaints received under the Code, including any waivers from the Code granted for the benefit of the Corporation's directors or executive officers.

At least annually, the Board shall receive and review a report of the Governance Committee relating to compliance with, or material deficiencies from, the Code. From time to time the Board also receives and reviews recommendations from the Governance Committee for amendments or enhancements to the Code.

The Board and the Corporation are committed to conducting business ethically, legally and in a manner that is fiscally, environmentally and socially responsible for the purposes of building a sustainable business with a long-term vision. While the Board has delegated management of various components of "sustainable development practices" to its various committees, the Board itself will retain overall responsibility for ensuring these good corporate citizenship principles are maintained on an ongoing basis. The Board will make consideration of these principles an important part of its annual strategic planning process.

### ***Internal Controls***

The Board shall verify that an adequate system of internal controls has been established by management for financial, non-financial and business control and management information systems.

### ***Reserves Evaluation and Reporting***

The Board has delegated to the Reserves and HSE Committee the responsibility for oversight of the Corporation's reserves evaluation and reporting processes.

The Board receives and reviews the recommendations of the Reserves and HSE Committee regarding the appointment of the Corporation's independent qualified reserves evaluators or auditors, and regarding the content, filing and disclosure of the Corporation's oil and gas reserves and resource data and such related reports as required by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The Board has responsibility for final approval of the content and filing of the Corporation's reserves and resource data and the reports required under that instrument as well as responsibility for the Corporation's public disclosures of information from such data and reports.

### ***Corporate Governance***

The Board is committed to ensuring effective corporate governance as one of the main factors in creating long-term sustainable value for its shareholders.

The Board has delegated to the Governance Committee responsibility for considering, and making recommendations regarding, governance practices and policies including with respect to board composition, director independence, diversity and board renewal. The Governance Committee makes recommendations to the Board from time to time regarding the effectiveness of, and any desirable enhancements to, the Corporation's governance policies and practices.

The Board has delegated to the Nominating Committee responsibility for developing a long-term plan for the composition of the Board, for advising on the recruitment of suitable candidates for the Board and for assessment of the effectiveness of the Board, its committees and individual directors.

### ***Public Disclosure Requirements***

The Corporation complies with its public market disclosure obligations under the Act and the requirements of the Exchange and keeps its shareholders informed of its progress and performance through its annual and quarterly financial statements and associated management discussion and analysis, its annual information form and management information circular and regular press releases. The Corporation also keeps shareholders and stakeholders apprised of corporate information and developments through its website.

To provide oversight to the continued compliance by the Corporation of its public disclosure obligations, the Board has adopted policies and processes designed to ensure the timely disclosure of material information relating to the Corporation, its assets and its operations and to ensure the integrity of its public disclosures with respect to content, timing and full dissemination, including a Policy Regarding Disclosure and Confidentiality for the Corporation. The Board has the responsibility of overseeing the scope and implementation of these disclosure processes and policies and will review these policies and processes annually. Also annually, the Board shall

consider, and review with the CEO, management's compliance with such policies and processes and any material recommendations for changes to them.

### ***Shareholder and Other Stakeholder Engagement***

The Board and management endeavour to have constructive engagement with its shareholders and other stakeholders and to assist those groups in understanding the Board's approach to governance and oversight.

Directors and management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time. The Board and management also endeavour to maintain communication with shareholders on a regular basis, including through meetings where feasible, so as to obtain feedback from shareholders regarding governance practices and corporate performance.

The Board has the responsibility for reviewing the Corporation's policies and practices regarding stakeholder communications and will do so at least annually, including considering measures for receiving feedback from the Corporation's stakeholders. Also annually, the Board shall consider, and review with the CEO, his or her recommendations for improved engagement with shareholders and other stakeholder groups.

### ***Management Appointment and Assessment***

The Board is responsible for the selection and appointment of the CEO. The Board also appoints, on the recommendation of the CEO, those executive officers reporting to the CEO.

The Board has approved a position description for the CEO, which includes delineating management's responsibilities.

The Board has delegated to the Compensation and HR Committee the responsibility for approving the corporate goals and objectives that the CEO has responsibility for meeting as well as individual goals and objectives for the CEO, and for assessing the progress of the CEO in attaining those goals and objectives. At least annually, the Board shall review a report of the Compensation and HR Committee reviewing this position description and such goals and objectives and regarding the CEO's performance.

The CEO has responsibility for approving the goals and objectives of executive officers and for the assessment of their performance in meeting those goals and objectives. The CEO shall report to the Compensation and HR Committee regarding the goals and objectives of executive officers and shall provide summary information regarding the assessment their performance.

## **5. Independent Advisors**

The Board shall have the authority to retain independent legal counsel, consultants or other advisors to assist it in carrying out its duties and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of any officer of the Corporation and to communicate directly with such advisors. The Corporation shall pay the invoices of such advisors, upon their approval by the Chair.

## **6. Continuing Education**

Members of the Board shall strive to remain current in their education on matters relating to the duties, obligations and best practices of boards of directors of public entities, and shall consider available opportunities to enhance their knowledge of evolving practices in governance.

The Board has delegated to the Nominating Committee the responsibility for developing programs for the ongoing development and education of directors. This includes a director development program and continuing education programs, which shall be designed to ensure directors maintain and enhance their skills and abilities as directors and keep current their knowledge and understanding of the Corporation's business. It also includes an orientation program for new directors, which shall be designed to ensure new directors fully understand the role of the Board and its committees, the contributions individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and the nature and operation of the Corporation's business.

Each new director shall participate in the Corporation's initial orientation program and each director shall participate in the Corporation's continuing education programs.

From time to time the Board shall receive and review a report from the Nominating Committee regarding the director orientation program and continuing education programs, including the Nominating Committee's assessment of the effectiveness of such programs and any recommendations the Nominating Committee might make for further enhancement of such programs.

## **7. Board and Director Assessment**

The performance and effectiveness of the Board, its committees and each individual director will be assessed annually. The Board has delegated to the Nominating Committee the responsibility for considering the scope and methodology for such assessments and for the conduct of assessment processes. The Nominating Committee shall review and consider the results of the annual assessments and shall provide appropriate feedback to the Board, its committees and each individual director.

## **8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's articles and by-laws, it is not intended to establish any legally binding obligations.

## **9. Mandate Review**

The Board shall review this Mandate annually to ensure compliance with any applicable regulatory requirements and shall consider and approve any modifications to this Mandate as considered advisable.

Adopted: April 9, 2015

Revised: November 10, 2015

Revised: November 8, 2017