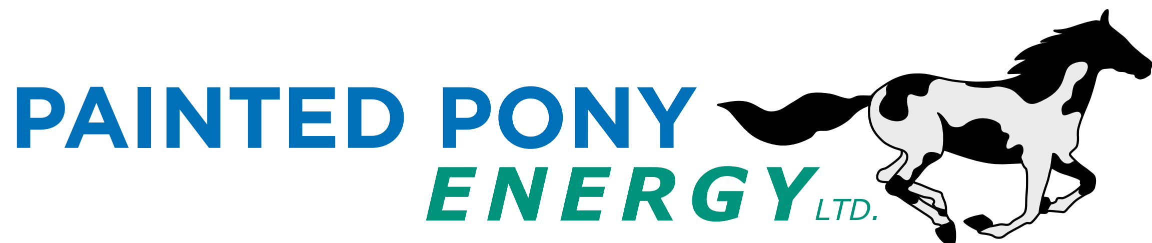

NOTICE OF SPECIAL MEETING

AND

NOTICE OF ORIGINATING APPLICATION TO THE COURT OF QUEEN'S BENCH OF ALBERTA

AND

MANAGEMENT INFORMATION CIRCULAR

August 31, 2020

August 31, 2020

Dear Shareholders and Optionholders,

You are invited to attend the special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Company Shares**") of Painted Pony Energy Ltd. ("**Painted Pony**" or the "**Company**") and holders ("**Optionholders**", and together with the Shareholders, the "**Securityholders**") of options to acquire Company Shares to be held on October 1, 2020 at 3:00 p.m. (Calgary time).

At the Meeting, Securityholders will be asked to consider and, if deemed advisable, to pass a special resolution (the "**Arrangement Resolution**") approving an arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Painted Pony, Canadian Natural Resources Limited ("**CNRL**") and the Securityholders, pursuant to which, among other things, CNRL will, subject to the terms and conditions of the arrangement agreement between Painted Pony and CNRL dated August 10, 2020 (the "**Arrangement Agreement**"), acquire all of the issued and outstanding Company Shares at a price of $0.69, in cash, per Company Share.

The Arrangement is the result of an extensive and thorough arm's length negotiation between Painted Pony and CNRL and their respective advisors. The determination of the independent committee of directors of Painted Pony (the "**Independent Committee**") and the board of directors of Painted Pony (the "**Company Board**") to support the Arrangement is based on various factors described more fully in the accompanying management information circular of Painted Pony dated August 31, 2020 (the "**Information Circular**").

The Company Board, having taken into account such factors and matters as it considered relevant, having received legal and financial advice, having received and reviewed the financial advisor opinion described in the Information Circular and having considered the unanimous recommendation of the Independent Committee to approve the Arrangement, determined that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony and is fair, from a financial point of view, to Shareholders, and unanimously recommends that Securityholders vote **FOR** the special resolution approving the Arrangement. All of the directors and executive officers of Painted Pony, as well as certain other Shareholders, who collectively hold approximately 25% of the outstanding Company Shares, have also agreed to vote all of their Company Shares in favour of the Arrangement.

The Information Circular contains a detailed description of the Arrangement as well as the background to, and reasons for, the Arrangement and sets forth the actions to be taken by you at the Meeting. You should carefully review the Information Circular in its entirety and consult with your financial, legal or other professional advisors if you require advice or assistance.

Out of an abundance of caution and in an effort to adopt measures that assist our community in slowing the spread of the novel coronavirus disease 2019, also known as COVID-19, in order to protect the health and safety of our community, Securityholders, employees and other stakeholders, we will hold the Meeting in a virtual-only format, which will be conducted via live audio webcast at www.virtualshareholdermeeting.com/PONY2020. Securityholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. At the Meeting, Optionholders, registered Shareholders and duly appointed proxyholders will have the opportunity to ask questions in

real time and vote on Meeting matters. Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting and ask questions. Guests will be able to listen to the Meeting but will not be able to vote or ask questions. The Information Circular contains important information and detailed instructions about how to participate at the Meeting.

The transaction constitutes a "business combination" for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), which requires, among other things, the approval of the transaction by a majority of the votes cast by the Shareholders other than the Shareholders whose votes are required to be excluded for the purposes of "majority of the minority" approval as required under MI 61-101.

Accordingly, in order to become effective, the Arrangement Resolution must be approved by at least:

(a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting;

(b) two-thirds of the votes cast by the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and

(c) if required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with MI 61-101.

In addition to the Securityholder approvals described above, the completion of the Arrangement is subject to approval of the Court of Queen's Bench of Alberta, approval under the *Competition Act* (Canada) and satisfaction or waiver of other usual and customary conditions contained in the Arrangement Agreement. If all of the necessary conditions to the Arrangement under the Arrangement Agreement are satisfied or waived, Painted Pony expects that the Arrangement will become effective on or about October 6, 2020.

The Company Board would like to thank the Securityholders for the support they have demonstrated with respect to our decision to take the proposed Arrangement forward.

We look forward to your participation at our Meeting.

(signed) "*Glenn R. Carley*"

Glenn R. Carley
Chair of the Company Board

PAINTED PONY ENERGY LTD.
NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS

When: Thursday, October 1, 2020 at 3:00 p.m. (Calgary time)
Where: Virtual only Meeting via live audio webcast online at www.virtualshareholdermeeting.com/PONY2020

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Company Shares**") of Painted Pony Energy Ltd. ("**Painted Pony**") and holders ("**Optionholders**", and together with the Shareholders, the "**Securityholders**") of options to acquire Company Shares ("**Company Options**") will be held on October 1, 2020 at 3:00 p.m. (Calgary time) for the following purposes:

1. to consider, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated August 31, 2020, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") approving a proposed arrangement (the "**Arrangement**") involving Painted Pony, Canadian Natural Resources Limited ("**CNRL**") and the Securityholders, pursuant to section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), whereby, among other things, CNRL will acquire all of the issued and outstanding Company Shares for cash consideration of $0.69 per Company Share, as more particularly described in the accompanying management information circular of Painted Pony dated August 31, 2020 (the "**Information Circular**"). The full text of the Arrangement Resolution is set forth in Appendix A to the Information Circular; and

2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Specific details of the matters to be put before the Meeting are set forth in the Information Circular. The full text of the plan of arrangement (the "**Plan of Arrangement**") implementing the Arrangement is attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix B to the Information Circular. The full text of the Interim Order is attached as Appendix C to the Information Circular.

Out of an abundance of caution and in an effort to adopt measures that assist our community in slowing the spread of the novel coronavirus disease 2019, also known as COVID-19, in order to protect the health and safety of our community, Securityholders, employees and other stakeholders, we will hold the Meeting in a virtual-only format, which will be conducted via live audio webcast. Securityholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. At the Meeting, you will have the opportunity to ask questions in real time and vote on Meeting matters. The Information Circular contains important information and detailed instructions about how to participate at the Meeting.

Registered holders of Company Shares ("**Registered Shareholders**") and Optionholders at the close of business on August 31, 2020 (the "**Record Date**") are entitled to receive notice of, attend and vote at the Meeting. If you acquire your Company Shares after the Record Date and wish to vote at the Meeting, you must produce properly endorsed Company Share certificates or otherwise establish that you own the Company Shares and request through our transfer agent, TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, not later than ten days before the Meeting, that your name be included in the list of Registered Shareholders entitled to vote at the Meeting. Optionholders are not permitted to transfer their Company Options.

If you are not a Registered Shareholder and instead receive materials through your broker, investment dealer, bank, trust company or other intermediary (each, an "**Intermediary**") please complete the form of proxy or voting instruction form provided to you by your Intermediary in accordance with the instructions provided therein.

It is important to us at Painted Pony that you exercise your vote at the Meeting. If you are a Registered Shareholder, please complete and sign the enclosed applicable instrument of proxy and mail it to or deposit it with Broadridge Investor Communications Corporation at P.O. Box 3700, STN Industrial Park, Markham, Ontario, L3R 9Z9, or follow the instructions in such documents to vote electronically, or plan to attend the virtual Meeting and vote online. Even if you plan to attend the virtual Meeting, you may still vote via proxy. In order to be acted upon at the Meeting, validly completed instruments of proxy must be returned by 3:00 p.m. (Calgary time) on September 29, 2020, or, if the Meeting is adjourned or postponed, at least 48 hours prior to such adjourned or postponed Meeting (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta). The chair of the Meeting may waive, without notice, the time limit for deposit of proxies.

Pursuant to the Interim Order, Registered Shareholders have been granted the right to dissent with respect to the Arrangement Resolution and, if the Arrangement is completed, to be paid the fair value of their Company Shares by Painted Pony in accordance with the provisions of section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder's right to dissent is more particularly described in the Information Circular, as well as in the text of the Interim Order and the text of section 191 of the ABCA, which are attached as Appendix C and Appendix E, respectively, to the Information Circular. To exercise such right to dissent, a dissenting Shareholder must send to Painted Pony, c/o Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8, Attention: David Tupper, a written objection to the Arrangement Resolution not later than 4:00 p.m. (Calgary time) on September 24, 2020 (or the date that is five business days immediately prior to the date of any adjournment or postponement of the Meeting). **Failure to strictly comply with the requirements set forth in section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent.**

Persons who are beneficial owners of Company Shares ("Beneficial Shareholders") registered in the name of an Intermediary who wish to dissent should be aware that only Registered Shareholders are entitled to dissent. Accordingly, a Beneficial Shareholder desiring to exercise the right of dissent must make arrangements for the Company Shares beneficially owned by such Beneficial Shareholder to be registered in the Beneficial Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by, or on behalf of, Painted Pony or, alternatively, make arrangements for the registered holder of such Company Shares to dissent on behalf of the Beneficial Shareholder. It is strongly recommended that any Shareholder wishing to dissent seek independent legal advice.

DATED this 31st day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF PAINTED PONY ENERGY LTD.

(signed) "*Tonya L. Fleming*"
Tonya L. Fleming
Vice President, General Counsel and Corporate Secretary

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING PAINTED PONY ENERGY LTD., ITS SECURITYHOLDERS AND CANADIAN NATURAL RESOURCES LIMITED

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Edmonton (the "**Court**") on behalf of Painted Pony Energy Ltd. ("**Painted Pony**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving among others, Painted Pony, the holders (the "**Shareholders**") of common shares ("**Company Shares**") of Painted Pony and the holders (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") of options to acquire Company Shares, and Canadian Natural Resources Limited ("**CNRL**"), all as more particularly described in the management information circular of Painted Pony dated August 31, 2020 accompanying this Notice of Originating Application. At the hearing of the Application, Painted Pony intends to seek a final order ("**Final Order**") of the Court that:

1. deems serving of notice of the Application, the notice in respect of the special meeting of Securityholders to be held on October 1, 2020 (the "**Meeting**") and the interim order (the "**Interim Order**") of the Court dated August 31, 2020, as good and sufficient;

2. declares that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the Securityholders and other affected parties, both from a substantive and procedural point of view;

3. approves the Arrangement pursuant to the provisions of section 193 of the ABCA and the terms and conditions of the arrangement agreement between Painted Pony and CNRL dated August 10, 2020;

4. permits Painted Pony to seek leave to vary the Final Order at any time prior to filing the articles of arrangement or to seek advice and directions as to the implementation of the Final Order;

5. declares that the Arrangement will, upon filing of articles of arrangement in accordance with the ABCA, be effective under the ABCA in accordance with its terms; and

6. gives directions regarding the service of the Final Order.

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard virtually before a Justice of the Court, at the Edmonton Law Courts on October 2, 2020 at 4:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Securityholder or other interested party desiring to support or oppose the Application may appear virtually at the time of the hearing in person or by counsel for that purpose, provided such Securityholder or other interested party files with the Court and serves upon Painted Pony on or before 4:00 p.m. (Calgary time) on September 25, 2020, a notice of intention to appear (the "Notice of Intention to Appear") setting out such Securityholder's or interested party's address for service and indicating whether such Securityholder or interested party intends to support or oppose the Application or make**

submissions, together with any evidence or materials which are to be presented to the Court. Service of such notice on Painted Pony is to be effected by service upon the solicitors for Painted Pony at the address set forth below.

AND NOTICE IS FURTHER GIVEN that, at the hearing and subject to the foregoing, Securityholders and any other interested party will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you or your counsel do not attend virtually at that time, the Court may approve or refuse to approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court may deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of the Meeting for the purpose of such Securityholders voting upon a special resolution approving the Arrangement and, in particular, has directed that registered Shareholders have the right to dissent under the provisions of Section 191 of the ABCA, as modified by the terms of the Interim Order in respect of the Arrangement.

AND NOTICE IS FURTHER GIVEN that further notice in respect of these proceedings will only be given to those persons who have filed a Notice of Intention to Appear.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Securityholder or other interested party requesting the same by the under-mentioned solicitors for Painted Pony upon written request delivered to such solicitors as follows:

Solicitors for Painted Pony:
Blake, Cassels & Graydon LLP
855 – 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8

Facsimile Number: (403) 260-9700
Attention: David Tupper
Ian Breneman

DATED at the City of Calgary, in the Province of Alberta, this 31st day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF PAINTED PONY ENERGY LTD.

(signed) *"Glenn R. Carley"*
Glenn R. Carley
Chair of the Board

TABLE OF CONTENTS

MANAGEMENT INFORMATION CIRCULAR . . . 1
Frequently Asked Questions About the Meeting and the Arrangement . . . 1
Glossary of Terms . . . 6
Introduction . . . 17
Forward-Looking Statements . . . 18
Information for Securityholders in the United States . . . 20
Voting and Proxies . . . 21
Voting Securities and Principal Holders Thereof . . . 27
SUMMARY OF THE ARRANGEMENT . . . 28
THE ARRANGEMENT . . . 37
Effect of the Arrangement . . . 37
Details of the Arrangement . . . 37
Background to the Arrangement and Recommendations . . . 39
Determination of the Independent Committee and the Company Board . . . 44
Reasons for the Arrangement . . . 45
Recommendations . . . 48
Fairness Opinion . . . 50
Source of Funds for the Arrangement . . . 51
Voting Support Agreements . . . 52
THE ARRANGEMENT AGREEMENT . . . 52
General . . . 52
Representations and Warranties of the Parties . . . 52
Mutual Conditions . . . 52
Conditions to the Obligations of CNRL . . . 53
Conditions to the Obligations of Painted Pony . . . 55
Covenants . . . 56
Covenants Relating to the Conduct of Business of Painted Pony . . . 58
Covenants of Painted Pony Regarding Non-Solicitation . . . 58
Matching Right . . . 61
Termination of the Arrangement Agreement . . . 62
Termination Fee . . . 62
Liquidated Damages . . . 63
Other Required Approvals . . . 64
Fees and Expenses of the Arrangement . . . 64
PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE . . . 64
Procedural Steps . . . 64
Securityholder Approval . . . 65

Court Approval 66
Regulatory Matters 66
Securities Law Matters 67
Depositary Agreement 68
Procedure for Receipt of Consideration 69
INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT 71
Company Shares 72
Company Options and Company Incentive Awards 72
Severance 72
Retention Payments 73
Continuing Insurance Coverage and Indemnification for Directors and Officers of Painted Pony 73
Resignations and Releases 74
Independent Committee Fees 74
Summary of Interests 75
DISSENT RIGHTS 76
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS 78
Holders Resident in Canada 79
Holders Not Resident in Canada 80
TIMING 82
RISK FACTORS 82
Risks Relating to the Arrangement 82
Risks Relating to Painted Pony 85
LEGAL MATTERS 85
INFORMATION CONCERNING PAINTED PONY 85
General 85
Market Price and Trading Volume Data 86
Previous Purchases and Sales 86
Dividends 86
INFORMATION CONCERNING CNRL 87
General 87
Commitments to Acquire Company Shares 87
Arrangements, Agreements, Commitments and Understandings Involving CNRL 87
MATTERS TO BE CONSIDERED AT THE MEETING 87
Arrangement Resolution 87
Other Matters to be Considered at the Meeting 88
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS 88
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS 88
AUDITORS OF PAINTED PONY 88
ADDITIONAL INFORMATION 88

APPROVAL AND CERTIFICATION 89
CONSENT OF TD 90
APPENDIX A – ARRANGEMENT RESOLUTION A-1
APPENDIX B – ARRANGEMENT AGREEMENT B-1
APPENDIX C – INTERIM ORDER C-1
APPENDIX D – FAIRNESS OPINION D-1
APPENDIX E – SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA) E-1

MANAGEMENT INFORMATION CIRCULAR

Frequently Asked Questions About the Meeting and the Arrangement

The questions and answers below are not meant to be a substitute for the more detailed description and information contained in this Information Circular and should be read in conjunction with, and are qualified in their entirety by, the more detailed information appearing in this Information Circular. All capitalized terms used below but not otherwise defined have the meanings set forth under "*Glossary of Terms*". **Securityholders are urged to read this Information Circular, including the Appendices hereto, carefully and in their entirety.**

FAQs Related to the Meeting

Q: When and where is the Meeting?

The Meeting will be held in a virtual-only format via live audio webcast online at www.virtualshareholdermeeting.com/PONY2020 at 3:00 p.m. (Calgary time) on Thursday, October 1, 2020.

Q: What am I voting on?

At the Meeting, Securityholders will be asked to consider and, if deemed advisable, to pass the Arrangement Resolution approving the Arrangement, pursuant to which, among other things, CNRL will acquire all of the issued and outstanding Company Shares for the Consideration of $0.69, in cash, per Company Share, and such other matters which may properly come before the Meeting, or any adjournment or postponement thereof. At the time of printing this Information Circular, Painted Pony knows of no other matter expected to come before the Meeting, other than the vote on the Arrangement Resolution. The full text of the Arrangement Resolution is set forth in Appendix A to this Information Circular.

Q: What is the quorum for the Meeting?

Pursuant to the Interim Order, the quorum required at the Meeting will be at least two Shareholders present in person or represented by proxy at the Meeting, and holding or representing at least 25% of the Company Shares entitled to be voted at the Meeting.

Q: Do the Company Board and the Independent Committee support the Arrangement?

Yes. The Company Board, following receipt of the unanimous recommendation of the Independent Committee and the Fairness Opinion and other advice from the Financial Advisors and legal counsel, and having undertaken a thorough review of, and having carefully considered the Arrangement, the terms of the Arrangement Agreement and such other matters as it considered necessary or appropriate, including the factors and risks described under the heading "*The Arrangement – Recommendations – Recommendation of the Company Board*" and elsewhere in this Information Circular, has unanimously: (a) determined that the Arrangement is fair, from a financial point of view, to the Shareholders; (b) determined that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony; (c) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution; and (d) authorized the execution of and approved the Arrangement Agreement and the transactions contemplated thereby.

Accordingly, the Company Board unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

As part of their deliberations and in making their respective recommendations, the Company Board and the Independent Committee considered a number of factors, including but not limited to those described in this Information Circular. See "*The Arrangement – Determination of the Independent Committee and the Company Board*", "*The Arrangement – Reasons for the Arrangement*", "*The Arrangement – Recommendations*" and "*The Arrangement – Fairness Opinion*".

Q: Have any significant Securityholders agreed to vote in favour of the Arrangement Resolution?

Yes. Each Supporting Securityholder has agreed, among other things, not to dispose of any of their Company Shares or Company Options prior to the Effective Date, to vote in favour of the Arrangement Resolution and to otherwise support the Arrangement. The Supporting Securityholders collectively hold approximately 25% of the outstanding Company Shares and 30% of the outstanding Company Shares and Company Options, calculated as a single class.

Q: Who is soliciting my proxy?

The management of Painted Pony is soliciting your proxy and has engaged Gryphon Advisors Inc. ("**Gryphon**") to act as proxy solicitation agent with respect to the matters to be considered at the Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, executive officers or employees of Painted Pony and/or Gryphon or by any other means management of Painted Pony may deem necessary.

The cost of any such solicitation by management is expected to be nominal and shall be borne by Painted Pony. Painted Pony will pay the costs of Gryphon's services and any related expenses, which are estimated to be approximately $40,000, plus reasonable out-of-pocket expenses.

Q: Who is entitled to vote on the Arrangement Resolution at the Meeting?

Only Securityholders whose names have been entered in the register of Shareholders and the register of Optionholders, as applicable, on the close of business on the Record Date of August 31, 2020 will be entitled to receive notice of and to vote at the Meeting.

Q: How many Company Shares and Company Options are entitled to vote?

As at August 31, 2020, 160,995,692 Company Shares were issued and outstanding. As at August 31, 2020, 11,299,027 Company Options were granted under the Company Option Plan and outstanding. Each Company Share and each Company Option confers the right to one vote on the Arrangement Resolution.

Q: What is the Requisite Securityholder Approval?

The Arrangement Resolution must, subject to further order of the Court, be approved by at least: (a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting; (b) two-thirds of the votes cast by the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and (c) if required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with MI 61-101.

See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*".

Q: How do I vote?

Optionholders and Registered Shareholders will receive a form of proxy with this Information Circular and may: (1) attend and vote online during the Meeting; (2) appoint a proxyholder to attend and vote on their behalf during the Meeting; or (3) vote by proxy (by mail, internet or telephone), in each case, in accordance with the instructions on the form of proxy provided.

Beneficial Shareholders will receive a Voting Instruction Form with this Information Circular and may: (1) give their voting instructions to their Intermediary; or (2) appoint a proxyholder to attend and vote on their behalf during the Meeting, in each case, in accordance with the instructions on the Voting Instruction Form provided.

See "*Voting and Proxies – How to Vote*" for more information on how you may vote. If you have any questions or need assistance completing your form of proxy or Voting Instruction Form, please contact Gryphon, at 1-833-261-9730 (toll free in North America) or by email at inquiries@gryphonadvisors.ca.

FAQs Related to the Arrangement

Q: What is a plan of arrangement?

A plan of arrangement is a statutory procedure under Alberta corporate law that allows companies to carry out transactions with the approval of certain securityholders and the Court. The Plan of Arrangement implementing the Arrangement will provide for, among other things, the acquisition by CNRL of all of the issued and outstanding Company Shares for the Consideration of $0.69, in cash, per Company Share.

Q: When will the Arrangement be completed?

If all of the necessary conditions to the Arrangement under the Arrangement Agreement are satisfied or waived, Painted Pony expects the Effective Date to be on or about October 6, 2020. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or delays in receiving all Regulatory Approvals (including the Competition Act Clearance).

Q: What will happen to Painted Pony if the Arrangement is completed?

Following the completion of the Arrangement, Painted Pony will become a wholly-owned subsidiary of CNRL. It is expected that the Company Shares will be delisted from the TSX and Painted Pony will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws as soon as reasonably practicable thereafter. Painted Pony anticipates that the Company Shares will be delisted from the TSX within three Business Days following the Effective Date.

Q: What will happen if the Arrangement is not completed?

The completion of the Arrangement is subject to the satisfaction or waiver of certain closing conditions set out in the Arrangement Agreement. Furthermore, each of Painted Pony and CNRL have the right to terminate the Arrangement Agreement in certain circumstances. Failure to complete the Arrangement could negatively impact the price of the Company Shares and future business and operations of Painted Pony.

In the event of the termination of the Arrangement Agreement as a result of a Damages Event, Painted Pony has agreed to pay to CNRL the Termination Fee of $20 million. See "*The Arrangement Agreement – Termination Fee*".

Q: What approvals are required for the Arrangement to become effective?

Completion of the Arrangement is subject to, among other things, receipt of: (a) the Requisite Securityholder Approval; (b) Court approval; and (c) the Competition Act Clearance.

See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*", "*Procedure for the Arrangement to Become Effective – Court Approval*" and "*Procedure for the Arrangement to Become Effective – Regulatory Matters*".

Q: What premium does the Consideration to be received under the Arrangement represent?

The Consideration of $0.69 per Company Share represents an approximately 30% premium over Painted Pony's 20-day volume weighted average trading price of $0.53 per Company Share as of August 7, 2020, the trading day immediately prior to the date of announcement of the proposed Arrangement.

Q: What will I have to do as a Shareholder to receive the Consideration for my Company Shares?

If you are a Registered Shareholder, you must complete and sign the Letter of Transmittal enclosed with this Information Circular and return it together with the original certificate(s) representing your Company Shares to the Depositary. It is requested that Registered Shareholders enclose any DRS Advice (if applicable) representing their Company Shares with the Letter of Transmittal. As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Company Shares acquired by CNRL under the Arrangement of a duly completed Letter of Transmittal and the original certificate(s) or DRS Advice(s) representing such Company Shares and all other required documents, the Depositary shall forward by first class mail to such former Shareholder at the address specified in the Letter of Transmittal, the Consideration issued to such Shareholder under the Arrangement.

If you are a Beneficial Shareholder, you will receive your payment through your account with your Intermediary that holds the Company Shares on your behalf. You should contact your Intermediary if you have questions about this process.

See "*Procedure for the Arrangement to Become Effective – Procedure for Receipt of Consideration – Procedure for Exchange of Company Shares for Consideration*".

Q: What will I have to do as an Optionholder to receive the consideration for my Company Options?

If you are an Optionholder, you do not need to deliver the Letter of Transmittal or any other certificates or documentation in order to receive the applicable consideration for such Company Options. On or as soon as practicable after the Effective Time, Painted Pony will pay to the former holders of Company Options the consideration to which they are entitled in accordance with the Plan of Arrangement, less applicable withholdings. Such consideration payable to Optionholders will be hand-delivered by way of cheque or by way of first class mail to the address shown on the register of Optionholders. Where it is determined that delivery by mail may be delayed, Painted Pony may make arrangements to hold for pick-up a cheque at its registered and corporate head office or such other location until it is determined that delivery by mail will no longer be delayed.

See "*Procedure for the Arrangement to Become Effective – Procedure for Receipt of Consideration – Procedure for Exchange of Other Securities*".

Q: Am I entitled to Dissent Rights?

You are entitled to Dissent Rights if you are a Registered Shareholder. Registered Shareholders who validly exercise their Dissent Rights will be entitled to be paid by Painted Pony the fair value of the Company Shares in respect of which the holder dissents. Such amount may be the same as, more than, or less than the Consideration payable pursuant to the Arrangement.

Only Registered Shareholders are entitled to Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights should be aware that they may only do so through the Registered Shareholder of such Company Shares and should contact their Intermediary to make appropriate arrangements.

Failure to strictly adhere to the procedures established by section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of Dissent Rights. Accordingly, Dissenting Shareholders who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix E to this Information Circular, as modified by the terms of the Plan of Arrangement and the Interim Order, and consult their own legal advisor.

See "*Dissent Rights*".

Q: What are the tax consequences to Shareholders?

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Shareholders who, under the Arrangement, dispose of one or more Company Shares. Shareholders should consult their own tax advisors for advice with respect to the Canadian income tax consequences to them in respect of the Arrangement.

See "*Certain Canadian Federal Income Tax Considerations*".

Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?

The Arrangement involves various risks. Securityholders should carefully consider the risk factors described in this Information Circular in evaluating whether to approve the Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive. Such risk factors should be considered in conjunction with the other information included in this Information Circular, including the documents filed by Painted Pony pursuant to Applicable Laws from time to time. Additional risks and uncertainties may also adversely affect Painted Pony after giving effect to the Arrangement.

See "*Risk Factors*".

FURTHER QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO:

North American Toll-Free Number: 1-833-261-9730
Outside North America, Banks, Brokers and Collect Calls: (416) 661-6592
Email: inquiries@gryphonadvisors.ca
North American Toll-Free Facsimile: 1-877-218-5372
Facsimile: (416) 214-3224

Glossary of Terms

The following is a glossary of certain terms used in this Information Circular. Terms and abbreviations used in the Appendices to this Information Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B 9, as such may be amended from time to time prior to the Effective Date;

"**Acquisition Proposal**" means, other than the Arrangement, any inquiry or request for discussions or negotiations or the making of any offer or proposal, whether or not such inquiry, request, offer or proposal is subject to due diligence or other conditions or whether or not in writing to Painted Pony or the Shareholders from any person or persons "acting jointly or in concert" (within the meaning of NI 62-104) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

(a) any direct or indirect sale, issuance or acquisition of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) from Painted Pony or the Shareholders as the case may be that, when taken together with any securities of held by the proposed acquiror, and any person acting jointly or in concert with such acquiror and assuming the conversion of any convertible securities held by the proposed acquiror and any person acting jointly or in concert with such acquiror, would constitute beneficial ownership representing 20% or more of any class of equity or voting securities of Painted Pony or rights or interests therein or thereto;

(b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement, joint venture or other arrangement having the same economic effect as an acquisition or purchase) of assets of Painted Pony representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Painted Pony;

(c) an amalgamation, arrangement, share exchange, merger, business combination, consolidation, recapitalization or other similar transaction involving Painted Pony;

(d) a take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Painted Pony that, if consummated, would result in a person or group of persons acting jointly or in concert acquiring beneficial ownership of 20% or more of any class of equity or voting securities of Painted Pony and assuming the conversion of any convertible securities held by the person or group of persons acting jointly or in concert;

(e) any other transaction, which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement, or prevent the completion of the Arrangement;

(f) any other transaction that would or could reasonably be expected to reduce the benefits to CNRL under the Arrangement Agreement or the Arrangement; or

(g) any public announcement or other public disclosure of an intention to do any of the foregoing;

"**Advance Ruling Certificate**" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the Competition Act;

"**affiliate**" has the meaning set forth in the Securities Act;

"**allowable capital loss**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*";

"**Amended Proposal**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces of Canada, and the rules, regulations, instruments, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, that is binding upon or applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Applicable Laws**", in the context that refers to one or more persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Appointee**" has the meaning given to it under the heading "*Voting and Proxies – How to Vote – As an Optionholder or Registered Shareholder*";

"**ARC Funds**" means, collectively, ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership, ARC Capital 6 Limited Partnership, ARC Energy Fund 5 Canadian Limited Partnership, ARC Energy Fund 5 United States Limited Partnership, and ARC Energy Fund 5 International Limited Partnership;

"**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement as supplemented, or modified in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement, or amended or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated August 10, 2020 among CNRL and Painted Pony, providing for, among other things, the Plan of Arrangement and the Arrangement, and all amendments thereto, a copy of which is attached as Appendix B to this Information Circular;

"**Arrangement Resolution**" means the special resolution of the Securityholders in respect of the Arrangement to be considered at the Meeting substantially in the form set out in Appendix A attached hereto;

"**Articles of Arrangement**" means the articles of arrangement of Painted Pony giving effect to the Arrangement, required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, which shall be in a form and content satisfactory to the Parties, acting reasonably;

"**Beneficial Shareholders**" means Shareholders who hold their Company Shares in the name of an Intermediary and not in their own name;

"**Bennett Jones**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Blakes**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Broadridge**" means Broadridge Investor Communications Corporation;

"**Business Day**" means any day other than a Saturday, Sunday, statutory holiday or other day when banks in the City of Calgary, Alberta are not generally open for business;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

"**CNRL**" means Canadian Natural Resources Limited, a corporation existing under the laws of the Province of Alberta;

"**Commissioner**" means the Commissioner of Competition appointed pursuant to section 7 of the Competition Act and includes any person designated by the Commissioner to act on his behalf;

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

"**Company Board Recommendation**" means the unanimous determination of the Company Board, after receiving the advice of its financial and legal advisors, that:

(a) the Arrangement is fair, from a financial point of view, to the Shareholders;

(b) it will unanimously recommend that the Securityholders vote in favour of the Arrangement Resolution; and

(c) the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony;

"**Company Debentures**" means the $50 million of convertible unsecured subordinated debentures issued by Company on August 23, 2017, which bear interest at 6.5% per annum, have a maturity date of August 23, 2021, and which may be converted into Company Shares at any time prior to the close of business on the maturity date at a conversion price of $5.60 per Company Share;

"**Company DSU Plan**" means the deferred share unit plan of Painted Pony, as amended and restated effective January 1, 2018;

"**Company DSUs**" means the deferred share units issued pursuant to the Company DSU Plan;

"Company Employee Costs" means obligations of Painted Pony pursuant to all employment agreements, termination, severance and retention plans or policies providing for cash or other compensation or benefits (including payments in satisfaction of Company Incentive Awards), upon the consummation of the Arrangement, but not including payments in respect of: (i) Company Options as provided in the Arrangement Agreement; (ii) accrued vacation payouts; and (iii) Executive Employee Termination Packages;

“**Company Incentive Awards**” means, collectively, the Company DSUs, the Company PSUs and the Company RSUs;

“**Company Incentive Plans**” means, collectively, the Company DSU Plan, the Company PSU Plan, the Company RSU Plan, the Company Option Plan and Painted Pony’s short term incentive plan effective May 15, 2020;

“**Company Noteholder and Debentureholder Consent Agreement**” means the agreement entered into between Painted Pony and the holders of Company Notes and Company Debentures, dated as of the date of the Arrangement Agreement, which provides that, among other things, such holders consent to the entering into by Painted Pony and the trustees under the indentures governing such Company Notes and Company Debentures of supplemental indentures thereto substantially in the forms attached to such agreement, and that such holders will take such other actions as may be required in order to cause such supplemental indentures to be entered into by the parties thereto as promptly as practicable;

“**Company Notes**” means the $150 million of senior unsecured notes issued by Company on August 23, 2017, which bear interest at 8.5% per annum and have a maturity date of August 23, 2022;

“**Company Operating Facility**” means the syndicated $50 million operating facility of Painted Pony with a syndicate of lenders maturing on May 11, 2021, subject to an annual borrowing base redetermination completed on August 31, 2020;

“Company Option Plan” means the stock option plan of Painted Pony, as amended and restated effective May 9, 2019;

“**Company Options**” means the outstanding stock options of Painted Pony granted under the Company Option Plan, whether or not vested, entitling the holders thereof to acquire Company Shares;

“**Company PSU Plan**” means the performance share unit plan of Painted Pony, as amended and restated November 6, 2019;

“**Company PSUs**” means the performance share units issued pursuant to the Company PSU Plan;

“**Company Public Record**” means all information filed by or on behalf of Painted Pony since January 1, 2019 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws which is available for public viewing on the SEDAR website at www.sedar.com under Painted Pony’s profile;

“**Company Revolving Facility**” means the syndicated $275 million extendable revolving facility of Painted Pony with a syndicate of lenders maturing on May 11, 2021, subject to an annual borrowing base redetermination completed on August 31, 2020;

“**Company RSU Plan**” means the restricted share unit plan of Painted Pony, as amended and restated November 6, 2019;

“**Company RSUs**” means the restricted share units issued pursuant to the Company RSU Plan;

“**Company Shares**” means the common shares in the capital of Painted Pony;

“**Company Transaction Costs**” means all costs and expenses of Company (whether incurred, accrued or billed) in connection with the Arrangement Agreement and the Arrangement, including fees and expenses of financial and accounting advisors, printing, mailing, solicitation, proxy solicitation services and shareholder communication costs, Meeting costs, legal fees and disbursements, but excludes, for greater certainty, the Termination Fee, the cost of Equivalent Insurance, the Executive Employee Termination Packages and the Company Employee Costs, if any;

"**Competition Act**" means the *Competition Act* (Canada) and includes the regulations promulgated thereunder;

"**Competition Act Clearance**" means the occurrence of one or more of the following, in respect of the transactions contemplated by the Arrangement Agreement:

(a) the Commissioner shall have issued an Advance Ruling Certificate pursuant to section 102 of the Competition Act; or

(b) both: (i) the Commissioner shall have issued a No Action Letter to CNRL, and (ii) either the waiting period has expired or been terminated by the Commissioner under sections 123(1) or 123(2), respectively, of the Competition Act, or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act has been waived by the Commissioner under section 113(c) thereof;

"**Consideration**" means $0.69, in cash, per Company Share;

"**Court"** means the Court of Queen's Bench of Alberta;

"**COVID-19**" means the novel coronavirus (SARS-CoV-2) and related respiratory disease (coronavirus disease (COVID-19));

"**Credit Facilities**" means the Company Operating Facility and Company Revolving Facility;

"**Damages Event**" has the meaning given to it under the heading "*The Arrangement Agreement – Termination Fee*";

"**Depositary**" means TSX Trust Company, or such other person that may be appointed by CNRL with the consent of Painted Pony (such consent not to be unreasonably withheld or delayed) in connection with the Arrangement for, *inter alia*, the purpose of receiving deposits of original certificates or DRS Advices formerly representing the Company Shares and paying the Consideration;

"**Dissent Rights**" means, collectively, the rights of Registered Shareholders to dissent in respect of the Arrangement Resolution and to be paid by Painted Pony the fair value of the Company Shares in respect of which the holder dissents, all in accordance with the provisions of section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order;

"**Dissenting Non-Resident Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Holders*";

"**Dissenting Resident Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders*";

"**Dissenting Shareholder**" means a Registered Shareholder who validly exercises its Dissent Rights pursuant to the Plan of Arrangement and the Interim Order, and has not withdrawn, or been deemed to have withdrawn, such exercise of Dissent Rights immediately prior to the Effective Time;

"**DRS Advice**" means a Direct Registration System (DRS) advice;

"**Effective Date**" means the date shown on the Certificate of Arrangement;

"**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

"**Employment Agreements**" means any employment agreement, severance agreement and other written agreement between Painted Pony and its Executive Employees, but excludes the Executive Employee Termination Packages;

"**EnCap Funds**" means, collectively, EnCap Energy Capital Fund VII, L.P., EnCap Energy Capital Fund VI, L.P., and EnCap Energy Capital Fund VI-B, L.P.;

"**Equivalent Insurance**" means an equivalent insurance policy to Painted Pony's current directors' and officers' insurance policy, on a "trailing" or "run off" basis, subject in either case to terms and conditions no less advantageous to the directors and officers of Company than those contained in the directors' and officers' policy in effect as of the date of the Arrangement Agreement;

"**Executive Employee Termination Packages**" means all written notices of termination, severance payments, termination payments, payments in lieu of notice of termination, accrued vacation payouts or similar payments to Executive Employees as a result of the termination of their employment as contemplated in the Arrangement Agreement;

"**Executive Employees**" means the members of the executive leadership team of Company, which is currently comprised of its President and Chief Executive Officer; Chief Financial Officer; Vice President, Development and Operations; Senior Vice President, Strategic Projects; Vice President, General Counsel and Corporate Secretary; and Vice President, Development and Marketing;

"**Fairness Opinion**" means the opinion of TD, to the effect that the Consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders, the full text of which is attached to this Information Circular as Appendix D;

"**Final Order**" means the order of the Court approving the Arrangement to be applied for by Painted Pony following the approval of the Arrangement Resolution at the Meeting and to be granted pursuant to subsection 193(9) of the ABCA in respect of Securityholders, Painted Pony and CNRL, as such order may be affirmed, amended or modified by the Court (with the consent of both Painted Pony and CNRL, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that, such amendment is acceptable to both Painted Pony and CNRL, each acting reasonably) on appeal;

"**Final Proposal**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Financial Advisors**" means, collectively, TD, RBC and Raymond James;

"**Governmental Authority**" means any applicable:

(a) national, federal, provincial, state, regional, municipal, local or other government or any governmental regulatory or administrative authority department, court, tribunal, arbitral body, commission, board, bureau ministry or agency, or official, domestic or foreign including any political subdivision thereof;

(b) any subdivision, agent, commission, board or authority of any of the foregoing;

(c) any quasi-governmental or private body exercising any regulatory or expropriation authority under or for the account of any of the foregoing; and

(d) any stock exchange, including the TSX;

"**Gryphon**" means Gryphon Advisors Inc.;

"**Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Independent Committee**" means the committee of independent directors of Painted Pony formed to consider, evaluate and negotiate the Arrangement, consisting of Glenn R. Carley, Joan E. Dunne and Lynn Kis;

"**Information Circular**" means this management information circular dated August 31, 2020, together with all Appendices hereto, provided to the Securityholders in connection with the Meeting;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA providing for, among other things, the calling and conduct of the Meeting with respect to the Arrangement, as such order may be affirmed, amended or modified by the Court (with the consent of both Painted Pony and CNRL, each acting reasonably), the full text of which is attached to this Information Circular as Appendix C;

"**Intermediary**" means an intermediary with which a Beneficial Shareholder may engage, including banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed trusts governed by "registered retirement savings plans", "registered retirement income funds", "registered education savings plans" (collectively as defined in the Tax Act) and similar plans, and such intermediary's nominees;

"**In-the-Money Amount**" means an amount equal to the amount by which the Consideration exceeds the exercise price of a Company Option;

"**Letter of Transmittal**" means the letter of transmittal provided to Registered Shareholders, pursuant to which such Shareholders are required to deliver original certificates representing Company Shares to the Depositary in order to receive the Consideration payable to them pursuant to the Arrangement;

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to Painted Pony, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or could reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (whether absolute, accrued, contingent or otherwise), capitalization, results of operations or cash flows of Painted Pony, taken as a whole, other than any such change, effect, occurrence or event directly or indirectly relating to or resulting from:

(a) conditions affecting the upstream oil and gas industry generally in jurisdictions in which Painted Pony carries on a material portion of its business, including the COVID-19 pandemic and any related interruption to the business, affairs or financial condition of Painted Pony, or any change, effect, occurrence or event related directly or indirectly to the COVID-19 pandemic (whether now known or unknown or whether foreseeable or unforeseeable in the future);

(b) changes to Applicable Laws, taxes, financial reporting standards or changes in accounting or regulatory requirements generally applicable to the upstream oil and gas industry as a whole;

(c) general economic, financial, currency exchange, securities or commodity market conditions in Canada;

(d) global, national or regional political conditions, including the outbreak of war or acts of terrorism affecting the jurisdictions in which Painted Pony conducts business;

(e) natural disasters;

(f) any matter which has been publicly disclosed by Painted Pony in the Company Public Record subsequent to January 1, 2020 and prior to the date of the Arrangement Agreement or as disclosed in writing to CNRL;

(g) a change in the market trading price or trading volume of Painted Pony's publicly listed securities (it being understood that, unless otherwise excluded by paragraphs (a) through (j), inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);

(h) the failure of Painted Pony to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow (it being understood that, unless otherwise excluded by paragraphs (a) through (j), inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);

(i) the announcement of the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement, including the Arrangement or the announcement thereof; or

(j) any matter expressly consented to in writing by CNRL after the date of the Arrangement Agreement or permitted or required by the Arrangement Agreement,

provided however, that where the change or effect referred to in paragraphs (a) through (e) above disproportionately affects Painted Pony compared to other entities in the same jurisdictions in the upstream oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

"**Meeting**" means the special meeting of Securityholders to be held in accordance with the Arrangement Agreement and the Interim Order to consider the Arrangement Resolution and any adjournment(s) or postponement(s) thereof;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**NGL**" means natural gas liquids;

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

“**NI 62-104**” means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

“**No Action Letter**” means a written confirmation from the Commissioner that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement;

“**Non-Resident Holder**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*”;

“**Notice of Originating Application**” means the notice of originating application for the Final Order which accompanies this Information Circular;

“**Notice of Special Meeting**” means the notice of the special meeting of Securityholders which accompanies this Information Circular;

“**NYSE**” means the New York Stock Exchange;

“**Optionholders**” means holders of Company Options;

“**Outside Date**” means November 30, 2020; provided however, that if the Competition Act Clearance has not been obtained by the Outside Date, the Outside Date shall be automatically extended to February 26, 2021, or in each case such other date as the Parties may agree;

“**Painted Pony**” and “**Company**” mean Painted Pony Energy Ltd., a corporation existing under the laws of the Province of Alberta;

“**Painted Pony AIF**” means the annual information form of Painted Pony dated March 16, 2020;

“**Painted Pony Annual MD&A**” means management’s discussion and analysis of the financial and operating results of Painted Pony for the year ended December 31, 2019;

“**Parties**” means, collectively, CNRL and Painted Pony, and “**Party**” means either one of them;

“**person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement under the ABCA substantially in the form attached as Schedule “A” to the Arrangement Agreement which is attached as Appendix B to this Information Circular, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms thereof and the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably;

“**pre-merger notification**” has the meaning given to it under the heading “*Procedure for the Arrangement to Become Effective – Regulatory Matters – Competition Act Clearance*”;

“**Proposed Amendments**” has the meaning given to it under the heading “*Certain Canadian Federal Income Tax Considerations*”;

“**Raymond James**” means Raymond James Ltd.;

"**RBC**" means RBC Dominion Securities Inc., a member company of RBC Capital Markets;

"**RBC Engagement Agreement**" means the engagement letter agreement between Painted Pony and RBC dated as of March 16, 2020;

"**Record Date**" has the meaning given to it under the heading "*Voting and Proxies – Who Can Vote*";

"**Registered Shareholders**" means Shareholders who hold their Company Shares in their own name;

"**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA;

"**Regulatory Approvals**" means any consent, waiver, permit, permission, exemption, review, order, decision or approval of, or any registration and filing with or withdrawal of any objection or successful conclusion of any litigation brought by, any Governmental Authority, or the expiry, waiver or termination of any waiting period imposed by law or a Governmental Authority or pursuant to a written agreement between the Parties and a Governmental Authority to refrain from consummating the Arrangement, in each case required under Applicable Law in connection with the Arrangement, including the Competition Act Clearance;

"**Representatives**" means the officers, directors, employees, financial advisors, legal counsel, accountants, advisors and all other representatives and agents of either Party, as the context requires;

"**Requisite Securityholder Approval**" means the requisite approval for the Arrangement Resolution by the Securityholders, being at least:

(a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting;

(b) two-thirds of the votes cast by the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and

(c) if required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with MI 61-101;

"**Resident Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*";

"**Retention Agreements**" has the meaning given to it under the heading "*Interests of Certain Persons in the Arrangement – Retention Payments*";

"**RJ Engagement Agreement**" means the engagement letter agreement between Painted Pony and Raymond James dated June 1, 2020;

"**Second Amended Proposal**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S 4, as such may be amended prior to the Effective Date;

"**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces of Canada, other than Québec;

"**Securityholders**" means, collectively, the Shareholders and the Optionholders, from time to time;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Seismic Change of Control Payment**" means all transfer fees and charges related to the Seismic Data;

"**Seismic Data**" means seismic data that is used by, but not owned by, Painted Pony, as disclosed in writing to CNRL;

"**Shareholders**" means holders of Company Shares from time to time;

"**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date of the Arrangement Agreement, by a person other than CNRL that the Company Board determines in good faith after consultation with its financial advisors and outside legal counsel, is a transaction:

(a) that is not subject to any financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal has been demonstrated, to the satisfaction of the Company Board, to have been obtained or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein;

(b) that the Company Board and any relevant committee thereof has determined in good faith is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such proposal;

(c) that complies with Applicable Laws and that did not result from or involve a breach of any agreement by the person making such proposal or a breach of Section 6.1 of the Arrangement Agreement;

(d) that is not subject to any due diligence or access condition in excess of three days;

(e) that would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Shareholders from a financial point of view than the transactions contemplated by the Arrangement Agreement (including in each case after taking into account any modifications to the Arrangement Agreement proposed by CNRL as contemplated by Section 6.1(d) of the Arrangement Agreement); and

(f) that the failure by the Company Board to accept, recommend, approve or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Law; and

solely for purposes of this definition of "Superior Proposal" and its use throughout the Arrangement Agreement and this Information Circular, all references to "20%" in the definition of "Acquisition Proposal" shall instead be construed to refer to "100%";

"**Supporting Securityholders**" means, collectively: (i) each of the directors and Executive Employees of Painted Pony; (ii) the EnCap Funds; and (iii) the ARC Funds;

"**Tax Act**" means, collectively, the *Income Tax Act* (Canada) and the *Income Tax Regulations* (Canada);

"**taxable capital gain**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*";

"**TD**" means TD Securities Inc.;

"**TD Engagement Agreement**" means the engagement letter agreement between Painted Pony and TD dated May 29, 2020;

"**Termination Fee**" means the $20 million fee payable by Painted Pony to CNRL upon the occurrence of a Damages Event;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*;

"**Value Enhancement Initiative**" has the meaning given to it under the heading "*The Arrangement – Background to the Arrangement and Recommendations*";

"**Voting Instruction Form**" means the voting instruction form provided by Broadridge to Beneficial Shareholders; and

"**Voting Support Agreements**" means the voting support agreements between CNRL and each of the Supporting Securityholders, pursuant to which each such person agreed, among other things, not to dispose of any of his, her or its Company Shares or Company Options prior to the Effective Date, to vote in favour of the Arrangement Resolution, to not dissent in respect of the Arrangement and otherwise to support the Arrangement.

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by the management of Painted Pony for use at the Meeting, and any adjournment or postponement thereof. No person has been authorized to give any information or make any representations in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representations may not be relied upon as having been authorized by Painted Pony.

The information concerning CNRL contained in this Information Circular, including but not limited to the information under the heading "*Information Concerning CNRL*", has been provided by CNRL. Although Painted Pony has no knowledge that would indicate that any of such information is untrue or incomplete, Painted Pony does not assume any responsibility for the accuracy or completeness of such information or the failure by CNRL to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Painted Pony.

This Information Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or

in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation. The delivery of this Information Circular will not, under any circumstances, create an implication that there has been no change in the information set forth in this Information Circular since the date as of which such information is given in this Information Circular.

This Information Circular is dated August 31, 2020. The information contained in this Information Circular is given as of August 28, 2020, unless otherwise specifically stated.

The information contained on, or accessible through, Painted Pony's website, CNRL's website or any other website does not constitute part of this Information Circular.

All summaries of, and references to, the Arrangement Agreement and the Arrangement or the Plan of Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement, copies of which are attached as Appendix B to this Information Circular and Schedule "A" thereto, respectively. **You are urged to carefully read the full text of the Arrangement Agreement and the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth in this Information Circular under "*Glossary of Terms*". The terms and abbreviations used in the Appendices to this Information Circular are defined separately therein. Details of the Arrangement are set forth under the heading "*The Arrangement*". For details of the matters to be considered by the Securityholders, see "*Matters to be Considered at the Meeting*".

All dollar amounts presented in this Information Circular are presented in Canadian dollars, unless otherwise stated.

Forward-Looking Statements

This Information Circular contains certain forward-looking information and forward-looking statements within the meaning of Applicable Canadian Securities Laws (collectively, "forward-looking information"). Forward-looking information relates to future events or future performance and is based upon Painted Pony's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact may be forward-looking information. Words such as "seek", "plan", "continue", "expect", "intend", "believe", "anticipate", "predict", "estimate", "may", "will", "could", "potential", and other similar words that indicate events or conditions may occur are intended to identify forward-looking information.

In particular, this Information Circular contains forward-looking information pertaining to the following:

- the anticipated benefits of the Arrangement to Painted Pony and Securityholders;
- the structure, steps, timing and effect of the Arrangement;
- the timing of the Meeting, the Final Order and the completion of the Arrangement;
- the anticipated Effective Date;
- the anticipated receipt of all required regulatory and third-party approvals for the Arrangement, including the Competition Act Clearance;
- the expected timing of the Competition Bureau's completion of its review of the transaction;

- the ability of Painted Pony and CNRL to satisfy the other conditions to, and to complete, the Arrangement;
- the delisting of the Company Shares from the TSX and the anticipated timing thereof;
- the application by Painted Pony to cease to be a reporting issuer under Applicable Canadian Securities Laws and the anticipated timing thereof;
- the anticipated tax treatment of the Arrangement for Shareholders;
- the anticipated treatment of Shareholders under Applicable Canadian Securities Laws; and
- the exercise of Dissent Rights by Shareholders with regards to the Arrangement.

In addition, Painted Pony's ability to continue as a going concern involves significant judgment and is dependent on, among other things, its ability to maintain its Credit Facilities at or above amounts currently drawn and its ability to renew such Credit Facilities prior to their maturity date and the anticipated timing of the closing of the Arrangement.

This forward-looking information is based on certain expectations and assumptions, including the following expectations and assumptions:

- the perceived benefits of the Arrangement are based upon a number of factors, including the terms and conditions of the Arrangement Agreement and current industry, economic and market conditions (see "*The Arrangement – Recommendations*" and "*The Arrangement – Reasons for the Arrangement*");
- certain steps in, and timing of, the Arrangement and the Effective Date of the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel to Painted Pony relating to the expected timing of transaction steps (see "*The Arrangement*" and "*Timing*"); and
- the anticipated tax treatment of the Arrangement for Shareholders is subject to the statements under "*Certain Canadian Federal Income Tax Considerations*".

By its very nature, forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Painted Pony believes the expectations reflected in the forward-looking statements contained in this Information Circular are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking information include:

- the completion of, and anticipated benefits from, the Arrangement may be adversely affected by the recent COVID-19 pandemic and any required economic shut-downs or restrictions on business imposed in response thereto;
- the conditions to the completion of the Arrangement, including receipt of the Requisite Securityholder Approval, Court approval and the Competition Act Clearance, as applicable, may not be satisfied or waived, which may result in the Arrangement not being completed;

- the timing of the Meeting and the Final Order and the anticipated Effective Date may be changed or delayed;

- the Arrangement Agreement may be terminated by either Party under certain circumstances, including as a result of the occurrence of a Material Adverse Change in respect of Painted Pony;

- Painted Pony will incur costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;

- if the Arrangement is completed, Shareholders will receive the Consideration of $0.69, in cash, per Company Share and will not have an opportunity to receive the benefit from any increase in value in Painted Pony's business in the future;

- if the Arrangement is not completed, Painted Pony may be required, in certain circumstances, to pay the Termination Fee to CNRL; and

- if the Arrangement is not completed, Shareholders will not receive the Consideration and Painted Pony will continue to be subject to various risks related to its ongoing business.

Readers are cautioned that the foregoing list of factors are not exhaustive. The forward-looking information contained in this Information Circular is expressly qualified by this cautionary statement. Except as required by law, Painted Pony does not undertake any obligation to publicly update or revise any forward-looking information.

Readers should also carefully consider the matters discussed under the headings "*Risk Factors*", "*Certain Canadian Federal Income Tax Considerations*" and other risks described elsewhere in this Information Circular and in the Painted Pony AIF and the Painted Pony Annual MD&A, which are available on Painted Pony's website at www.paintedpony.com or on Painted Pony's corporate profile on SEDAR at www.sedar.com.

Information for Securityholders in the United States

Painted Pony is a corporation organized under the laws of the Province of Alberta. The solicitation of proxies for the Meeting and the transactions contemplated in this Information Circular are not subject to the requirements of section 14(a) of the U.S. Exchange Act. Accordingly, the solicitation of proxies and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate laws and Applicable Canadian Securities Laws, and this Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. Securityholders in the United States should be aware that Canadian corporate laws and Applicable Canadian Securities Laws and disclosure requirements are different from United States corporate and securities laws and disclosure requirements applicable to proxy statements under the U.S. Exchange Act.

The enforcement by Securityholders of civil liabilities under applicable United States federal and state securities laws may be affected adversely by the fact that Painted Pony and CNRL are each organized under the laws of a jurisdiction other than the United States, that all or a majority of their respective officers and directors are residents of countries other than the United States, that all of the assets of Painted Pony are located outside of the United States and that substantially all of CNRL's assets are located outside of the United States.

You may not be able to sue a non-United States company, its officers or directors named in this Information Circular in a U.S. or non-U.S. court for violations of United States federal or state securities

laws. In addition, the courts of countries other than the United States may not enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal or state securities laws of the United States.

Voting and Proxies

Purpose of Solicitation

This Information Circular is furnished in connection with the solicitation of proxies by the management of Painted Pony for use at the Meeting to be held on Thursday, October 1, 2020 at 3:00 p.m. (Calgary time), or at any adjournment or postponement thereof, for the purposes set out in the accompanying Notice of Special Meeting. The Meeting will be held in a virtual-only format, which will be conducted via live audio webcast. Securityholders will not be able to attend the Meeting in person. A summary of the information Securityholders will need to attend the Meeting online is provided below.

Painted Pony has engaged Gryphon to act as proxy solicitation agent with respect to the matters to be considered at the Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, executive officers or employees of Painted Pony and/or Gryphon or by any other means management of Painted Pony may deem necessary. The cost of any such solicitation by management is expected to be nominal and shall be borne by Painted Pony. Painted Pony will pay the costs of Gryphon's services and any related expenses, which are estimated to be approximately $40,000, plus reasonable out-of-pocket expenses. If you have any questions or need assistance completing your form of proxy or Voting Instruction Form, please contact Gryphon, at 1-833-261-9730 (toll free in North America) or by email at inquiries@gryphonadvisors.ca.

Who Can Vote

Securityholders of record at the close of business on the Record Date of August 31, 2020 are entitled to vote at the Meeting.

Matters to Be Voted On

At the Meeting, Securityholders will be asked to consider and, if deemed advisable, to pass the Arrangement Resolution, a copy of which is attached to this Information Circular as Appendix A, and such other matters which may properly come before the Meeting, or any adjournment or postponement thereof. At the time of printing this Information Circular, Painted Pony knows of no other matter expected to come before the Meeting, other than the vote on the Arrangement Resolution.

Virtual-Only Meeting

Out of an abundance of caution and in an effort to adopt measures that assist our community in slowing the spread of COVID-19, in order to protect the health and safety of our community, Securityholders, employees and other stakeholders, we will hold the Meeting in a virtual-only format, which will be conducted via live audio webcast. Registered Shareholders, Optionholders and duly appointed proxyholders will have an equal opportunity to participate and vote at the Meeting online regardless of their geographic location.

Participation at Virtual-Only Meeting

Optionholders, Registered Shareholders and duly appointed proxyholders who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided

they are connected to the internet and comply with all of the requirements set out below under "*How to Vote – As an Optionholder or Registered Shareholder*".

Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting and ask questions. Guests will be able to listen to the Meeting but will not be able to vote or ask questions. See "*How to Vote – As a Beneficial Shareholder*" and "*Attending the Meeting as a Guest*" below.

How to Vote

As an Optionholder or Registered Shareholder

You are a Registered Shareholder if you hold Company Shares in your name and you have a share certificate.

Optionholders and Registered Shareholders will receive a form of proxy with this Information Circular and may vote as follows:

Option 1. Attend the Meeting and Vote Online During the Meeting

Painted Pony is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Securityholders will not be able to attend the Meeting in person.

Attending the Meeting online enables Optionholders, Registered Shareholders and duly appointed proxyholders to participate at the Meeting and ask questions, all in real time. Optionholders, Registered Shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

To access the Meeting, log in online at www.virtualshareholdermeeting.com/PONY2020 using your 16-digit Control Number included on the form of proxy or on the instructions that accompany your proxy materials.

We recommend that you log in at least 15 minutes before the Meeting starts. If you are experiencing technical difficulties logging in to the Meeting or during the Meeting, please call the technical support number that will be posted on the virtual Meeting log in page. If you accidentally disconnect from the Meeting, simply log back in.

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

You are welcome to attend the Meeting even if you have already submitted your voting instructions online or in the form of proxy.

Option 2. Appoint a Proxyholder to Attend the Virtual Meeting and Vote on Your Behalf During the Meeting

Attending the Meeting online enables duly appointed proxyholders to participate at the Meeting and ask questions, all in real time. Duly appointed proxyholders can vote at the appropriate times during the Meeting.

Optionholders and Registered Shareholders who wish to appoint a person other than the persons whose names are printed on the form of proxy (being Patrick R. Ward, President and Chief Executive

Officer and a director of Painted Pony and Glenn R. Carley, Chair of the Company Board) to attend and act on their behalf at the Meeting must follow the instructions on the form of proxy. In particular, you are required to insert the **EXACT NAME** of your chosen proxyholder (your "**Appointee**") on the form of proxy and provide a unique **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** for your Appointee to access the Meeting. The instrument of proxy will not be valid unless it is completed as outlined therein, and submitted online at www.proxyvote.com or delivered to the attention of Broadridge Investor Communications Corporation, Data Processing Centre, P.O. Box 3700 STN Industrial Park, Markham, Ontario, L3R 9Z9, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the Meeting or any adjournment or postponement thereof. If your Appointee attends the Meeting online, it is important that they are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your Appointee's responsibility to ensure connectivity for the duration of the Meeting. Your Appointee should allow ample time to check into the Meeting and complete the related procedure. If your Appointee accidentally disconnects from the Meeting, they can simply log back in.

You **MUST** provide your Appointee the Appointee's **EXACT NAME** (as designated by you online or on the form of proxy) and **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** (as designated by you online or on the form of proxy) to access the Meeting. An Appointee can only be validated at the Meeting using the Appointee's **EXACT NAME** and **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** you enter.

IF YOU DO NOT CREATE AN EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER, YOUR APPOINTEE WILL NOT BE ABLE TO ACCESS THE MEETING.

To access the Meeting, your Appointee should log in online at www.virtualshareholdermeeting.com/PONY2020 using the Appointee's **EXACT NAME** and **EIGHT- CHARACTER APPOINTEE IDENTIFICATION NUMBER.**

We recommend that your Appointee log in at least 15 minutes before the Meeting starts. If your Appointee is experiencing technical difficulties logging in to the Meeting or during the Meeting, your Appointee should call the technical support number that will be posted on the virtual Meeting log in page. If your Appointee accidentally disconnects from the Meeting, they can simply log back in.

If your Appointee attends the Meeting online, it is important that they are connected to the internet at all times during Meeting in order to vote when balloting commences. It is your Appointee's responsibility to ensure connectivity for the duration of the Meeting. Your Appointee should allow ample time to check into the Meeting and complete the related procedure.

All Company Shares and Company Options represented at the Meeting by properly executed proxies will be voted in accordance with the instructions of the Registered Shareholder or Optionholder, as applicable, on any ballot that may be called, and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Company Shares or Company Options represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the proxy designees, if named as proxy, will have the discretionary authority to vote in favour of all the matters set out herein.**

The enclosed form of proxy confers discretionary authority upon the proxy designees, or other persons named as proxy, with respect to amendments to, or variations of, matters identified in the Notice of Special Meeting and any other matters that may properly come before the Meeting. At the date of this Information Circular, Painted Pony is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the proxy designees intend to vote in accordance with their judgment.

Option 3. Vote by Proxy

If you do not plan to attend the Meeting, or have a proxyholder attend in person on your behalf, you may vote as follows:

By Internet	• go to www.proxyvote.com and follow the instructions; • refer to the 16-digit Control Number, located on the proxy; and • convey your voting instructions electronically over the internet.
By Telephone	• enter your voting instruction by telephone at: English: 1-800-474-7493 French: 1-800-474-7501.
By Mail	• complete, date and sign the proxy in accordance with the instructions on the proxy; and • return the completed proxy in the envelope provided to Broadridge Investor Communications Corporation, P.O. Box 3700, STN Industrial Park, Markham, Ontario, L3R 9Z9.

Please note that if you vote by mail, your proxy must be deposited at the offices of Broadridge Investor Communications Corporation at P.O. Box 3700, STN Industrial Park, Markham, Ontario, L3R 9Z9, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the Meeting or any adjournment or postponement thereof. If you vote by telephone or the internet, there is no need to mail back the proxy.

As a Beneficial Shareholder

You are a Beneficial Shareholder if your Company Shares are registered in the name of an Intermediary.

The information set out in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Company Shares in their own name. Only Optionholders and Shareholders whose names appear on the records of Painted Pony as the Registered Shareholders and duly appointed proxyholders, are permitted to vote at the Meeting. If Company Shares are listed in an account statement provided to a Shareholder by an Intermediary, such Company Shares will likely be registered under the name of the Intermediary or an agent of that Intermediary. Company Shares held by Intermediaries or their agents can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries or their agents are prohibited from voting shares for clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Company Shares are communicated. Beneficial Shareholders will receive a Voting Instruction Form with this Information Circular.** As a Beneficial Shareholder, you may vote as follows:

Option 1. Giving Your Voting Instructions to Your Intermediary

Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Company Shares are voted at the Meeting. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically provides a scannable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the completed voting instruction form to the Intermediaries. Beneficial Shareholders are alternatively provided with a toll-free telephone

number or a website address where voting instructions can be provided. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Company Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Voting Instruction Form cannot use that Voting Instruction Form to vote Company Shares directly at the Meeting. The Voting Instruction Form will not be valid unless it is completed as outlined therein and returned to Broadridge well in advance of the Meeting in accordance with the instructions set out therein in order to have the Company Shares voted at the Meeting.**

Beneficial Shareholders should follow the instructions on the Voting Instruction Form that they receive and contact their Intermediaries promptly if they need assistance.

Beneficial Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to Painted Pony are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about themselves to Painted Pony are referred to as objecting beneficial owners or "**OBOs**".

Pursuant to NI 54-101, Painted Pony has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. Painted Pony is not relying on the notice-and-access delivery procedures outlined in NI 54-101 to distribute copies of the proxy-related materials in connection with the Meeting.

Painted Pony has agreed to pay the postage for Intermediaries to deliver copies of the proxy-related materials and related documents to OBOs (who have not otherwise waived their right to receive proxy-related materials).

Option 2. Appoint a Proxyholder (including Yourself, as Beneficial Shareholder) to Attend the Virtual Meeting and Vote on Your Behalf During the Meeting

Painted Pony is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Securityholders will not be able to attend the Meeting in person.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Company Shares registered in the name of his, her or its Intermediary, as a Beneficial Shareholder, you may attend the Meeting as proxyholder for the Registered Shareholder and vote the Company Shares in that capacity.

Attending the Meeting online enables duly appointed proxyholders (including Beneficial Shareholders who have duly appointed themselves as proxyholder) to participate at the Meeting and ask questions, all in real time. Duly appointed proxyholders can vote at the appropriate times during the Meeting.

Beneficial Shareholders who wish to appoint a person other than the persons whose names are printed on the Voting Instruction Form (being Patrick R. Ward, President and Chief Executive Officer and a director of Painted Pony and Glenn R. Carley, Chair of the Company Board) to attend and act on their behalf at the Meeting must follow the instructions on the Voting Instruction Form. In particular, you are required to insert the **EXACT NAME** of your Appointee on the Voting Instruction Form and provide a unique **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** for your Appointee to access the Meeting. The Voting Instruction Form will not be valid unless it is completed as outlined therein and returned to Broadridge or the Intermediary well in advance of the Meeting in accordance with the instructions set out therein.

You **MUST** provide your Appointee the Appointee's **EXACT NAME** (as designated by you online or on the Voting Instruction Form) and **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** (as

designated by you online or on the Voting Instruction Form) to access the Meeting. An Appointee can only be validated at the Meeting using the Appointee's **EXACT NAME** and **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER** you enter.

IF YOU DO NOT CREATE AN EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER, YOUR APPOINTEE WILL NOT BE ABLE TO ACCESS THE MEETING.

Beneficial Shareholders should follow the instructions on the Voting Instruction Form that they receive and contact their Intermediaries promptly if they need assistance.

To access the Meeting, your Appointee should log in online at www.virtualshareholdermeeting.com/PONY2020 using the Appointee's **EXACT NAME** and **EIGHT-CHARACTER APPOINTEE IDENTIFICATION NUMBER.**

We recommend that your Appointee log in at least 15 minutes before the Meeting starts. If your Appointee is experiencing technical difficulties logging in to the Meeting or during the Meeting, your Appointee should call the technical support number that will be posted on the virtual Meeting log in page. If your Appointee accidentally disconnects from the Meeting, they can simply log back in.

If your Appointee attends the Meeting online, it is important that they are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your Appointee's responsibility to ensure connectivity for the duration of the Meeting. Your Appointee should allow ample time to check into the Meeting and complete the related procedure.

Revocation of Proxies

A Securityholder who has submitted a proxy may revoke it as to any matter upon which a vote has not already been cast, pursuant to the authority conferred by the proxy.

A Securityholder may revoke a proxy by voting again on the internet or by phone, or by depositing an instrument in writing, executed by the Securityholder or his or her attorney authorized in writing, or, if the Securityholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for such corporation at the offices of Painted Pony, Suite 1200, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the Meeting or an adjournment or postponement of the Meeting at which the proxy is to be used.

If you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.

Attending the Meeting as a Guest

Guests can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote or ask questions.

If you attend the Meeting online as a guest, it is important that you are connected to the internet at all times during the Meeting. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. If you accidentally disconnect from the Meeting simply log back in.

To access the Meeting as a guest, log in online at www.virtualshareholdermeeting.com/PONY2020.

Voting Securities and Principal Holders Thereof

The only outstanding voting securities of Painted Pony are the Company Shares, of which, as at August 31, 2020, 160,995,692 Company Shares were issued and outstanding. Painted Pony is authorized to issue an unlimited number of Company Shares without nominal or par value.

As at August 31, 2020, 11,299,027 Company Options were granted under the Company Option Plan and outstanding. In addition to the Company Shares, pursuant to the Arrangement Agreement and the Interim Order, the Company Options are permitted to vote on the Arrangement Resolution.

Each Company Share and each Company Option confers the right to one vote on the Arrangement Resolution. Only Securityholders whose names have been entered in the register of Shareholders and the register of Optionholders, as applicable, on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting, except to the extent that:

(a) a Shareholder transfers any of his, her or its Company Shares after the Record Date; and

(b) the transferee of such Company Shares produces properly endorsed share certificates or otherwise establishes that he, she or it owns the Company Shares and requests, through Painted Pony's transfer agent, TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, not later than ten days before the Meeting, that that the transferee's name be included in the list of Registered Shareholders entitled to vote at the Meeting,

such transferee shall be entitled to vote such Company Shares at the Meeting.

Pursuant to the Company Option Plan, Optionholders are not permitted to transfer Company Options.

As of the date of this Information Circular, and to the best of the knowledge of the directors and executive officers of Painted Pony, no person or company beneficially owns or controls or directs, directly or indirectly, 10% or more of the voting rights attached to the Company Shares, other than as follows:

Name	**Number of Company Shares**	**% of Issued and Outstanding Company Shares[(1)]**
ARC Funds	17,534,121	10.9%
EnCap Funds	19,927,302	12.4%

Note:

(1) Calculated based on 160,995,692 Company Shares outstanding as of August 31, 2020.

SUMMARY OF THE ARRANGEMENT

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular, including the Appendices hereto.

The Meeting

The Meeting will be held in a virtual-only format via live audio webcast online at www.virtualshareholdermeeting.com/PONY2020 at 3:00 p.m. (Calgary time) on Thursday, October 1, 2020. At the Meeting, Securityholders will be asked to consider and vote upon the Arrangement Resolution. See "*The Arrangement*" *and* "*Matters to be Considered at the Meeting*".

The Arrangement

Effect of the Arrangement

The following is a summary only of certain of the material terms of the Plan of Arrangement and is qualified in its entirety by the full text of the Arrangement Agreement and the Plan of Arrangement attached to this Information Circular as Appendix B and Schedule "A" thereto, respectively. Securityholders are urged to read the Arrangement Agreement, including the Plan of Arrangement, carefully and in their entirety.

If completed, the Arrangement will result in the acquisition by CNRL of all of the outstanding Company Shares in exchange for the Consideration of $0.69, in cash, per Company Share.

The completion of the Arrangement will result in a "change of control" under the terms of the Company Incentive Plans. Pursuant to the Plan of Arrangement, the vesting of all outstanding Company Options and Company DSUs will be accelerated to permit the exercise, settlement or surrender, as applicable, of the Company Options and the Company DSUs at the time specified in the Plan of Arrangement. In addition, pursuant to the Arrangement Agreement and by resolution of the Company Board, the vesting of all outstanding Company PSUs and Company RSUs will be accelerated to permit the exercise, settlement or surrender, as applicable, of the Company PSUs and the Company RSUs immediately before the Effective Time or at the time specified in the Plan of Arrangement.

The Arrangement will be implemented by way of a Court-approved Plan of Arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. For a detailed description of the steps which will occur under the Plan of Arrangement on the Effective Date, assuming all conditions to the implementation of the Arrangement have been satisfied or waived, please see the full text of the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix B to this Information Circular.

See "*The Arrangement – Details of the Arrangement*" and "*The Arrangement – Effect of the Arrangement*".

Background to the Arrangement and Recommendations

The terms of the Arrangement are the result of negotiations between Painted Pony and CNRL and their respective legal counsel and financial advisors. This Information Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement Agreement.

See "*The Arrangement – Background to the Arrangement and Recommendations*".

Reasons for the Arrangement

In reaching the unanimous conclusion that the Arrangement is fair, from a financial point of view, to the Shareholders, that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony and in recommending that the Securityholders vote **FOR** the Arrangement Resolution, the Independent Committee and the Company Board considered, among other things, the Fairness Opinion and various strategic, financial and operational factors and potential advantages and disadvantages of the Arrangement. As part of its deliberations, the Independent Committee and the Company Board considered the potential prospects of Painted Pony and its business if it maintained the status quo, including challenges arising from, among other things, the continued weakness in natural gas and NGL prices, the size and the terms of Painted Pony's outstanding indebtedness and commitments, Painted Pony's limited ability to access the capital markets on an accretive basis and the quantum and form of the Consideration payable to Shareholders. For a list of certain factors and potential advantages and disadvantages considered, see "*The Arrangement – Reasons for the Arrangement*".

Recommendation of the Independent Committee

The Independent Committee unanimously recommended that the Company Board resolve that: (a) the Arrangement is fair, from a financial point of view, to the Shareholders; (b) the Company Board recommend that the Securityholders vote in favour of the Arrangement Resolution; and (c) the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony.

See "*The Arrangement – Recommendations – Recommendation of the Independent Committee*".

Recommendation of the Company Board

The Company Board has unanimously: (a) determined that the Arrangement is fair, from a financial point of view, to the Shareholders; (b) determined that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony; (c) resolved to recommend that the Securityholders vote in favour of the Arrangement; and (d) authorized the execution of and approved the Arrangement Agreement and the transactions contemplated thereby.

Accordingly, the Company Board unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

See "*The Arrangement – Recommendations – Recommendation of the Company Board*".

Fairness Opinion

In deciding to recommend approval of the Arrangement, the Independent Committee and the Company Board, considered, among other things, the Fairness Opinion.

Painted Pony engaged the Financial Advisors to, among other things, manage the Value Enhancement Initiative and provide financial advice to the Independent Committee and the Company Board in connection therewith. Painted Pony requested that TD prepare and deliver an opinion regarding the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement.

The TD Engagement Agreement provides for payment to TD of certain fees, a portion of which were payable upon delivery of the Fairness Opinion to Painted Pony (which portion was not contingent on completion of the Arrangement) and a portion of which are contingent on closing of the Arrangement.

The RBC Engagement Agreement provides for payment to RBC of certain fees that are contingent on closing of the Arrangement.

The RJ Engagement Agreement provides for payment to Raymond James of certain fees that are contingent on closing of the Arrangement.

TD has provided the Independent Committee and the Company Board with its opinion that, as of the date thereof and based upon and subject to the assumptions and limitations set forth therein, the Consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to such Shareholders. **The full text of the Fairness Opinion is attached to this Information Circular as Appendix D.**

TD provided the Independent Committee and the Company Board with the Fairness Opinion for their exclusive use only in connection with their consideration of the Arrangement, and the Fairness Opinion is not to be used or relied upon by any other person except in accordance with TD's prior written consent. The Fairness Opinion is not intended to be, nor does it constitute, a recommendation to the Independent Committee or the Company Board whether to enter into the Arrangement or as to how Shareholders should vote with respect to the Arrangement or any other matter. This summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the Fairness Opinion. The Company Board urges Shareholders to read the Fairness Opinion carefully and in its entirety.

See "*The Arrangement – Fairness Opinion*" and the full text of the Fairness Opinion, which is attached as Appendix D to this Information Circular.

Voting Support Agreements

The Supporting Securityholders have agreed, among other things, not to dispose of any of their Company Shares or Company Options prior to the Effective Date, to vote in favour of the Arrangement Resolution and to otherwise support the Arrangement. The Supporting Securityholders collectively hold approximately 25% of the outstanding Company Shares and 30% of the outstanding Company Shares and Company Options, calculated as a single class.

See "*The Arrangement – Voting Support Agreements*".

The Arrangement Agreement

Parties to the Arrangement Agreement

Painted Pony is a publicly-traded natural gas company based in Western Canada. Painted Pony is focused on the production and sale of natural gas and NGLs from the Montney formation in northeast British Columbia. The Company Shares are listed for trading on the TSX under the symbol "PONY". For additional information regarding Painted Pony, see "*Information Concerning Painted Pony*".

CNRL is a publicly traded Canadian based senior independent energy company engaged in the acquisition, exploration, development, production, marketing and sale of crude oil, natural gas and NGLs. CNRL's principal core regions of operations are western Canada, the UK sector of the North Sea and Offshore Africa. CNRL initiates, operates and maintains a large working interest in a majority

of the prospects in which it participates. CNRL's common shares are listed and posted for trading on the TSX and the NYSE under the symbol "CNQ". For additional information regarding CNRL, see "*Information Concerning CNRL*".

Arrangement Agreement and Plan of Arrangement

The following is a summary only of certain of the material terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement and the Plan of Arrangement attached to this Information Circular as Appendix B and Schedule "A" thereto, respectively. Securityholders are urged to read the Arrangement Agreement, including the Plan of Arrangement, carefully and in their entirety.

The completion of the Arrangement is subject to the satisfaction or waiver of certain closing conditions set out in the Arrangement Agreement. These conditions include, among others, approval of the Arrangement Agreement by the Securityholders, Court approval, receipt of the Competition Act Clearance, the Effective Date occurring on or before the Outside Date, Painted Pony and TSX Trust Company having entered into the Supplemental Note Indenture and the Supplemental Debenture Indenture (each as defined in the Company Noteholder and Debentureholder Consent Agreement) and holders of not more than 5% of the outstanding Company Shares having validly exercised Dissent Rights that have not been withdrawn as of the Effective Date. As soon as is reasonably practicable, but in any event no later than two Business Days following the satisfaction or waiver of all of the conditions to closing set out in the Arrangement Agreement (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions), Painted Pony is required to file the Articles of Arrangement with the Registrar in order to give effect to the Arrangement.

In addition to certain covenants, representations and warranties made by each of Painted Pony and CNRL in the Arrangement Agreement, Painted Pony has provided certain non-solicitation covenants, subject to the right of the Company Board to respond to an unsolicited Acquisition Proposal that constitutes or could be expected to constitute or lead to a Superior Proposal, and the right of CNRL to match any such Superior Proposal within five Business Days.

In the event of the termination of the Arrangement Agreement as a result of a Damages Event, including where: (a) the Company Board has withdrawn, amended, modified, changed or qualified, or has proposed publicly to withdraw, amend, modify or change, any of the Company Board Recommendation in a manner adverse to CNRL; or (b) the Company Board (or any committee thereof) has accepted, recommended, approved or entered into, or has proposed publicly to accept, recommend, approve or enter into, an agreement, understanding or letter of intent to implement a Superior Proposal, Painted Pony has agreed to pay to CNRL the Termination Fee of $20 million.

The Arrangement Agreement may be terminated by mutual written consent of Painted Pony and CNRL, or by either Party in certain circumstances as more particularly set forth in the Arrangement Agreement. Subject to certain limitations, either Party may also terminate the Arrangement Agreement if the Effective Date has not occurred by the Outside Date.

See "*The Arrangement Agreement*" and the full text of the Arrangement Agreement, which is attached to this Information Circular as Appendix B.

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement Resolution must be approved by the Securityholders at the Meeting by the Requisite Securityholder Approval and in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party; and

(d) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis or at all.

Upon the conditions precedent set forth in the Arrangement Agreement being fulfilled or waived, Painted Pony intends to file a copy of the Final Order and the Articles of Arrangement with the Registrar under the ABCA, together with such other materials as may be required by the Registrar, in order to give effect to the Arrangement.

See "*Procedure for the Arrangement to Become Effective – Procedural Steps*".

Securityholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least: (a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting; (b) two-thirds of the votes cast by the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and (c) if required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with MI 61-101.

To the knowledge of Painted Pony and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 1,638,796 Company Shares (representing approximately 1.02% of the issued and outstanding Company Shares) beneficially owned, or over which control or direction is exercised, directly or indirectly, by Mr. Patrick R. Ward, Painted Pony's President and Chief Executive Officer and a director of Painted Pony, will be excluded in determining whether "majority of the minority" approval for the purposes of MI 61-101 is obtained.

The Arrangement Resolution must receive the Requisite Securityholder Approval in order for Painted Pony to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order. If the Arrangement Resolution is not approved by the Requisite Securityholder Approval, the Arrangement cannot be completed.

Pursuant to the Interim Order, the quorum required at the Meeting will be at least two Shareholders present in person or represented by proxy at the Meeting, and holding or representing at least 25% of the Company Shares entitled to be voted at the Meeting.

See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*" and "*Procedure for the Arrangement to Become Effective – Securities Law Matters*".

Court Approval

On August 31, 2020, the Court granted the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The full text of the Interim Order is attached as Appendix C to this Information Circular.

Subject to the terms of the Arrangement Agreement and obtaining the Requisite Securityholder Approval for the Arrangement Resolution at the Meeting, Painted Pony will make a virtual application to the Court for the Final Order at the Edmonton Law Courts on October 2, 2020 at 4:00 p.m. (Calgary time) or as soon thereafter as is reasonably practicable. The Notice of Originating Application for the Final Order accompanies this Information Circular. At the application for the Final Order, the Court will consider, among other things, the fairness of the Arrangement.

Any Securityholder or other interested party desiring to support or oppose the application with respect to the Arrangement, may appear virtually at the hearing in person or by counsel for that purpose, subject to filing with the Court and serving on Painted Pony on or before 4:00 p.m. (Calgary time) on September 25, 2020, a notice of intention to appear setting out their address for service and indicating whether they intend to support or oppose the application or make submissions, together with any evidence or materials which are to be presented to the Court. Service of such notice on Painted Pony is required to be effected by service upon the solicitors for Painted Pony: Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8, Attention: David Tupper.

See "*Procedure for the Arrangement to Become Effective – Court Approval*".

Regulatory Matters

The Arrangement Agreement provides that it is a condition to completion of the Arrangement that Competition Act Clearance has been obtained and is in full force and effect. On August 20, 2020, CNRL filed a request for an Advance Ruling Certificate. The Competition Bureau is expected to complete its review of the transaction within 30 to 45 days of filing.

Following the completion of the Arrangement, it is expected that the Company Shares will be delisted from the TSX and Painted Pony will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws to be effective as soon as reasonably practicable thereafter.

See "*Procedure for the Arrangement to Become Effective – Regulatory Matters*".

Securities Law Matters

The Arrangement constitutes a "business combination" under MI 61-101 and, consequently, completion of the Arrangement is subject to obtaining "majority of the minority" approval of the Arrangement Resolution.

In determining "majority of the minority" approval for a business combination, Painted Pony is required to exclude the votes attached to the Company Shares that, to the knowledge of Painted Pony or any

"interested party" (as defined in MI 61-101) or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised, directly or indirectly, by: (a) Painted Pony; (b) an "interested party"; (c) a "related party" of an "interested party", unless the "related party" meets that description solely in its capacity as a director or senior officer of one or more persons that are neither "interested parties" nor "issuer insiders" of Painted Pony; or (d) "joint actors" with any person referred to in (b) or (c) above in respect of the transaction, all as defined in MI 61-101.

To the knowledge of Painted Pony and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 1,638,796 Company Shares (representing approximately 1.02% of the issued and outstanding Company Shares) beneficially owned or over which control or direction is exercised, directly or indirectly, by Mr. Ward will be excluded for the purposes of determining whether "majority of the minority" approval of the Arrangement required under MI 61-101 is obtained.

See "*Procedure for the Arrangement to Become Effective – Securities Law Matters*".

Procedure for Receipt of Consideration

Enclosed with this Information Circular is a Letter of Transmittal, which, when properly completed and returned together with the original certificate(s) representing Company Shares and all other required documents, will enable each Shareholder to receive the Consideration that such Shareholder is entitled to receive under the Arrangement. Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also available under Painted Pony's SEDAR profile at www.sedar.com.

Any original certificate formerly representing Company Shares that is not deposited, together with all other documents required under the Plan of Arrangement, on or before the last Business Day prior to the third anniversary of the Effective Date and any right or claim to receive the Consideration that remains outstanding on such day shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against Painted Pony or CNRL. On such date, all consideration and other property to which such former Shareholder was entitled shall be deemed to have been surrendered and forfeited to CNRL for no consideration.

Beneficial Shareholders must contact their Intermediary to deposit their Company Shares.

On or as soon as practicable after the Effective Time, Painted Pony will pay to the former holders of Company RSUs, Company PSUs, Company DSUs and Company Options the consideration to which they are entitled in accordance with the Plan of Arrangement, less applicable withholdings. Optionholders and holders of Company Incentive Awards do not need to deliver the Letter of Transmittal or any other certificates or documentation in order to receive the applicable consideration for such Company Options, Company DSUs, Company PSUs and Company RSUs.

See "*Procedure for the Arrangement to Become Effective – Procedure for Receipt of Consideration*".

Dissent Rights

Pursuant to the Interim Order, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by Painted Pony the fair value of the Company Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day

on which the Arrangement Resolution is approved by the Securityholders at the Meeting and provided the Arrangement is completed in respect of such Shareholders. **A Dissenting Shareholder may dissent only with respect to all of the Company Shares held by such Dissenting Shareholder, or on behalf of any one beneficial owner, and registered in the Dissenting Shareholder's name. Only Registered Shareholders are entitled to dissent. Beneficial Shareholders who wish to dissent should be aware that they may only do so through the registered holder of such Company Shares. An Intermediary (including CDS), who holds Company Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Company Shares held for such Beneficial Shareholders. In such case, the written objection to the Arrangement Resolution should set forth the number of Company Shares covered by it.**

See "*Dissent Rights*".

Certain Canadian Federal Income Tax Considerations

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Shareholders who, under the Arrangement, dispose of one or more Company Shares. See "*Certain Canadian Federal Income Tax Considerations*".

Shareholders should consult their own tax advisors for advice with respect to the Canadian income tax consequences to them in respect of the Arrangement.

This Information Circular does not address the tax consequences of the Arrangement to the Optionholders or holders of Company Incentive Awards. Such holders should consult their own tax advisors in this regard.

Timing

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions to the Arrangement are satisfied or waived, Painted Pony will apply to the Court for the Final Order approving the Arrangement on October 2, 2020. If the Final Order is obtained on October 2, 2020, in form and substance satisfactory to Painted Pony and CNRL, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Painted Pony expects the Effective Date to be on or about October 6, 2020.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other material as may be required by the Registrar.

The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or delays in receiving all Regulatory Approvals (including the Competition Act Clearance).

See "*Timing*".

Risk Factors

Securityholders voting in favour of the Arrangement Resolution will be choosing to receive the Consideration as payment for their Company Shares. If the Arrangement Resolution is approved and the Arrangement is completed, Shareholders will receive the Consideration for every Company Share held by them. The Arrangement involves various risks.

The following is a list of certain risk factors associated with the Arrangement, which Securityholders should carefully consider in evaluating whether to approve the Arrangement Resolution:

- the completion of, and anticipated benefits from, the Arrangement may be adversely affected by the recent COVID-19 pandemic and any required economic shut-downs or restrictions on business imposed in response thereto;
- the conditions to the completion of the Arrangement, including receipt of the Requisite Securityholder Approval, Court approval and the Competition Act Clearance, as applicable, may not be satisfied or waived, which may result in the Arrangement not being completed;
- the timing of the Meeting and the Final Order and the anticipated Effective Date may be changed or delayed;
- the Arrangement Agreement may be terminated by either Party under certain circumstances, including as a result of the occurrence of a Material Adverse Change in respect of Painted Pony;
- Painted Pony will incur costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- if the Arrangement is completed, Shareholders will receive the Consideration of $0.69, in cash, per Company Share and will not have an opportunity to receive the benefit from any increase in value in Painted Pony's business in the future;
- if the Arrangement is not completed, Painted Pony may be required, in certain circumstances, to pay the Termination Fee to CNRL; and
- if the Arrangement is not completed, Shareholders will not receive the Consideration and Painted Pony will continue to be subject to various risks related to its ongoing business.

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Information Circular, the Painted Pony AIF and the Painted Pony Annual MD&A, each of which are incorporated in this Information Circular by reference. Readers are cautioned that such risk factors are not exhaustive. See "*Risk Factors*". **Securityholders should carefully consider all such risk factors in evaluating whether to approve the Arrangement Resolution.**

THE ARRANGEMENT

Effect of the Arrangement

If completed, the Arrangement will result in the acquisition by CNRL of all of the outstanding Company Shares in exchange for the Consideration of $0.69, in cash, per Company Share.

The completion of the Arrangement will result in a “change of control” under the terms of the Company Incentive Plans. Pursuant to the Plan of Arrangement, the vesting of all outstanding Company Options and Company DSUs will be accelerated to permit the exercise, settlement or surrender, as applicable, of the Company Options and the Company DSUs at the time specified in the Plan of Arrangement. In addition, pursuant to the Arrangement Agreement and by resolution of the Company Board, the vesting of all outstanding Company PSUs and Company RSUs will be accelerated to permit the exercise, settlement or surrender, as applicable, of the Company PSUs and the Company RSUs immediately before the Effective Time or at the time specified in the Plan of Arrangement.

In the case of the Company Options, each Company Option outstanding at the Effective Time that has an exercise price that is less than the Consideration shall be deemed to be surrendered to Painted Pony in exchange for an amount equal to the In-the-Money Amount, payable in cash to the Optionholder in full satisfaction of Painted Pony’s obligations under such surrendered Company Option. Each Company Option outstanding at the Effective Time that has an exercise price that is equal to or greater than the Consideration shall be deemed to be surrendered to Painted Pony in exchange for an amount equal to $0.01 payable in cash to the Optionholder in full satisfaction of Painted Pony’s obligations under such surrendered Company Option. In each case, the amount paid to the Optionholder will be less applicable withholdings.

In the case of the Company Incentive Awards, each Company DSU, Company RSU and Company PSU outstanding immediately prior to the Effective Time shall be deemed to be surrendered to Painted Pony in exchange for an amount equal to the Consideration (in the case of Company PSUs, multiplied by the number of Company Shares covered by such Company PSU with a performance multiplier determined in accordance with the Company PSU Plan) payable in cash to the holder, in full satisfaction of Painted Pony’s obligations under such Company Incentive Award. In each case, the amount paid to the holder of Company Incentive Awards will be less applicable withholdings.

The Arrangement will be implemented by way of a Court-approved Plan of Arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. For a detailed description of the steps that will occur under the Plan of Arrangement on the Effective Date, assuming all conditions to the implementation of the Arrangement have been satisfied or waived, please see the full text of the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement which is attached as Appendix B to this Information Circular.

Details of the Arrangement

The following is a summary only of the Plan of Arrangement and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement attached to this Information Circular as Appendix B and Schedule “A” thereto, respectively. Securityholders are urged to read the Arrangement Agreement, including the Plan of Arrangement, carefully and in its entirety.

Pursuant to the Plan of Arrangement, commencing at the Effective Time, each of the steps, events or transactions set out below shall occur and shall be deemed to occur sequentially in the order set out below without any further authorization, act or formality, in each case, unless stated otherwise,

effective as at five minute intervals starting at the Effective Time (provided that none of the following shall occur unless all of the following occur):

(a) notwithstanding the terms of the Company RSU Plan or the Company PSU Plan or any applicable award agreements in relation thereto:

(i) the Company RSU Plan shall be terminated and each Company RSU granted under the Company RSU Plan and outstanding at the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Painted Pony, be deemed to be surrendered to Painted Pony in exchange for an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder, in full satisfaction of Painted Pony's obligations under such surrendered Company RSU, whereupon all Company RSUs shall be, and shall be deemed to be, cancelled by Painted Pony, all obligations in respect of the Company RSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement; and

(ii) the Company PSU Plan shall be terminated and each Company PSU granted under the Company PSU Plan and outstanding at the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Painted Pony, be deemed to be surrendered to Painted Pony in exchange for an amount equal to the Consideration multiplied by the number of Company Shares covered by such Company PSU with a performance multiplier determined in accordance with the Company PSU Plan, payable in cash (less the amount of applicable withholdings) to the holder, in full satisfaction of Painted Pony's obligations under such surrendered Company PSU (as applicable), whereupon all Company PSUs shall be, and shall be deemed to be, cancelled by Painted Pony, all obligations in respect of the Company PSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(b) notwithstanding the terms of the Company DSU Plan, or any applicable award agreements in relation thereto, the Company DSU Plan shall be terminated and each Company DSU outstanding immediately prior to the Effective Time shall, without any further action or formality on behalf of the holder thereof and Painted Pony, be deemed to be surrendered to Painted Pony in exchange for an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder, in full satisfaction of Painted Pony's obligations under such surrendered Company DSU, whereupon all Company DSUs, shall be, and shall be deemed to be, cancelled by Painted Pony, all obligations in respect of the Company DSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(c) notwithstanding the terms of the Company Option Plan or any applicable award agreements in relation thereto, the Company Option Plan shall be terminated and each Company Option, whether vested or unvested, that has not, prior to the Effective Time, been exercised or surrendered in accordance with its terms shall, without any

further action or formality on behalf of the holder thereof and Painted Pony and without any payment by such Optionholder, be deemed to be transferred to Painted Pony as follows:

(i) in respect of each Company Option outstanding at the Effective Time whether vested or unvested, that has an exercise price that is less than the Consideration, the applicable Company Option shall be deemed to be surrendered to Painted Pony in exchange for an amount equal to the In-the-Money Amount, payable in cash (less the amount of applicable withholdings) to the Optionholder, in full satisfaction of Painted Pony's obligations under such surrendered Company Option; and

(ii) in respect of each Company Option outstanding at the Effective Time whether vested or unvested, that has an exercise price that is equal to or greater than the Consideration, the applicable Company Option shall be deemed to be surrendered to Painted Pony in exchange for an amount equal to $0.01, payable in cash (less the amount of applicable withholdings) to the Optionholder, in full satisfaction of Painted Pony's obligations under such surrendered Company Option,

whereupon all Company Options shall be, and shall be deemed to be, cancelled by Painted Pony, all obligations in respect of the Company Options shall be deemed to be fully satisfied, and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(d) each Company Share, held by a Registered Shareholder who has validly exercised and not withdrawn Dissent Rights described in the Plan of Arrangement shall be transferred by the holder thereof to Painted Pony in exchange for the amount payable in cash (less the amount of applicable withholdings) as determined in accordance with the Plan of Arrangement; and

(e) each outstanding Company Share (other than a Company Share held by a Registered Shareholder who has validly exercised and not withdrawn Dissent Rights described in the Plan of Arrangement) shall be transferred to CNRL in exchange for an amount equal to the Consideration, payable to the holder in cash (less the amount of applicable withholdings).

Background to the Arrangement and Recommendations

The terms of the Arrangement are the result of negotiations between Painted Pony and CNRL and their respective legal counsel and financial advisors. The following is a summary of the material events, meetings, negotiations and discussions between the Representatives of Painted Pony and CNRL that preceded the execution of the Arrangement Agreement and the public announcement of the transaction.

Painted Pony's management and the Company Board meet regularly to review, among other things, Painted Pony's ongoing business objectives and strategic options to enhance Shareholder value. Painted Pony also regularly evaluates and reviews the merits of potential strategic opportunities and routinely receives presentations from investment banks and other third parties with respect to potential merger, acquisition and divestment opportunities.

In late 2019 and early 2020, management spent significant time evaluating Painted Pony's business plans in light of market conditions and the challenges facing Painted Pony. In early 2020, management

undertook an analysis of the likelihood of success of various initiatives it was working on to bring capital into the business to fund ongoing development of Painted Pony's assets. On the recommendation of management, in March 2020, TD provided the Company Board with a confidential assessment of its corporate strategy and available alternatives and indicated that, under the circumstances, a strategic alternatives process may be a value-maximizing alternative for Shareholders.

On April 27, 2020, the Company Board met and, after receiving an update from management and considering the interests of Painted Pony's stakeholders, including Shareholders, decided to initiate a corporate strategic alternatives review process to enhance Shareholder value (the "**Value Enhancement Initiative**") and ratified the negotiation of the engagement of TD and RBC as co-lead financial advisors in connection with the Value Enhancement Initiative. At that time, the Company Board received legal advice from Painted Pony's external legal counsel, Blake, Cassels & Graydon LLP ("**Blakes**"), as to various matters pertaining to the Company Board's assessment of the Value Enhancement Initiative, including, but not limited to, the Company Board's legal obligations and responsibilities to Painted Pony, Securityholders and various other stakeholders, and the process associated with such assessment.

On May 1, 2020, the Independent Committee was established to conduct a preliminary assessment and examination of plans, proposals and alternatives relating to the Value Enhancement Initiative. The Independent Committee consisted of Glenn R. Carley (Chair), Joan E. Dunne and Lynn Kis, each an independent director of Painted Pony. The Company Board determined that each of Mr. Carley, Ms. Dunne and Ms. Kis was: (a) free from conflict of interest with respect to a potential Value Enhancement Initiative transaction; (b) independent to the extent required by (and subject to the exemptions and other provisions set out in) Applicable Laws, rules and regulations, and stock exchange requirements, including MI 61-101; and (c) independent of the potential Value Enhancement Initiative transaction counterparties and their respective affiliates and related parties and any interested party in a potential Value Enhancement Initiative transaction. In addition, the Company Board determined that Mr. Carley, Ms. Dunne and Ms. Kis, based on their experience and qualifications, were well qualified to oversee and execute the mandate of the Independent Committee in connection with the Value Enhancement Initiative.

At a meeting held on the same day, the Independent Committee reviewed, discussed and accepted its mandate, which included, but was not limited to the following: (a) to examine, review and assess any Value Enhancement Initiative transactions initiated or developed by or available to Painted Pony; (b) if desirable, to develop, or direct the development of, Value Enhancement Initiative transactions by management of Painted Pony and/or Painted Pony's financial or other advisors; (c) to consider Value Enhancement Initiative transactions, and in connection with each Value Enhancement Initiative transaction, examine, review and evaluate such Value Enhancement Initiative transaction, including the possible consideration, terms and conditions which may be included therein; (d) consider and provide its recommendation to the Company Board as to whether any Value Enhancement Initiative transaction considered by the Independent Committee is in the best interests of Painted Pony, the Shareholders and other Painted Pony stakeholders (versus maintaining the status quo) and whether any such Value Enhancement Initiative transaction should be pursued by Painted Pony and, if necessary or appropriate, be recommended to the Shareholders; (e) to supervise negotiations and the preparation of any communications or documentation in connection with any Value Enhancement Initiative transaction; and (f) to do all things necessary or desirable in connection with the foregoing. The mandate of the Independent Committee also permitted it to obtain advice from Painted Pony's financial advisors and legal counsel.

In late April and early May 2020, TD and RBC initiated a select outreach, on a targeted basis, to parties considered most likely to be interested in and capable of executing a transaction, to assess

interest in several strategic alternatives for Painted Pony. In total, 32 parties were contacted in connection with the Value Enhancement Initiative.

In connection with the outreach by TD and RBC, eight parties expressed interest in an acquisition, joint venture or similar transaction with Painted Pony and executed confidentiality agreements to get access to a confidential virtual data room. The scope of transactions under consideration varied widely among the counterparties that were contacted in the outreach process. The Independent Committee also considered other Value Enhancement Initiative alternatives that might have been available to Painted Pony, but no actionable proposals were received.

Effective June 1, 2020, the Company Board authorized the engagement of Raymond James as an additional financial advisor in connection with the Value Enhancement Initiative.

On June 12, 2020, the Independent Committee recommended to the Company Board that the Company Board authorize Mr. Ward, Painted Pony's President and Chief Executive Officer, and the Financial Advisors to reach out to the parties that had expressed an interest in a transaction during the initial outreach. The Company Board adopted a resolution to this effect and interested parties were given until June 24, 2020 to submit a non-binding acquisition proposal, or other Shareholder value enhancing proposal. Two parties, including CNRL, submitted non-binding proposals by the deadline.

On June 26, 2020 and July 3, 2020, the Independent Committee met to review the proposals received, including the non-binding proposal from CNRL. In light of the proposals received and after considering a number of related factors, including the short- and long-term outlook for Painted Pony, the Independent Committee determined to recommend to the Company Board the continued negotiation by Mr. Ward and the Financial Advisors with interested third parties with a view to obtaining improved proposals in respect of any Value Enhancement Initiative transaction, which recommendation was approved and adopted by the Company Board on July 3, 2020.

On July 16, 2020, Painted Pony received an amended proposal (the "**Amended Proposal**") from CNRL to acquire all of the outstanding Company Shares for cash consideration that represented a premium to Painted Pony's trading price, subject to certain financial and other assumptions. The Amended Proposal contemplated continued due diligence investigation of Painted Pony by CNRL and the entry into a period of exclusive negotiation.

On July 17, 2020, the Independent Committee met to review and consider the Amended Proposal. On July 18, 2020, the Independent Committee met with the Financial Advisors and Blakes to further review and consider the Amended Proposal. The Independent Committee also received a report from management of Painted Pony with respect to the financial prospects of Painted Pony in the event that Painted Pony determined to maintain the status quo and not proceed with a strategic transaction. On July 21, 2020, the Company Board met to receive a report from the Independent Committee regarding the Amended Proposal, and the Company Board received information from the Financial Advisors and Blakes regarding the terms of the Amended Proposal and proposed transaction contemplated therein. The Company Board directed management and the Financial Advisors to negotiate certain details in the Amended Proposal, including the proposed purchase price, with CNRL and to determine if any potential alternative transactions with other parties that had indicated an interest in proceeding with a transaction may be available. The Company Board also received a presentation from management on Painted Pony's prospects if it maintained the status quo, which presentation addressed certain questions that had been raised by the Independent Committee during its meeting on July 18, 2020.

On July 21, 2020, the Financial Advisors met by telephone with representatives of CNRL to communicate proposed revisions, including a proposed increase in the consideration per Company Share and a shorter exclusivity period. During this period, Mr. Ward and the Financial Advisors also

discussed the potential for alternative transactions with other potential counterparties, however, these discussions did not lead to a proposal.

On July 23, 2020, Painted Pony received a further amended proposal (the "**Second Amended Proposal**") from CNRL to acquire all of the outstanding Company Shares for consideration of $0.67, in cash, per Company Share, an increase in the amount contemplated by the Amended Proposal. As with the Amended Proposal, the Second Amended Proposal was subject to certain financial and other assumptions and contemplated continued due diligence investigation of Painted Pony by CNRL and the entry into of a period of exclusive negotiation. The consideration under the Second Amended Proposal represented an approximately 39% premium over Painted Pony's 20-day volume weighted average trading price of $0.48 per Company Share as of July 23, 2020.

On July 27, 2020, the Independent Committee and the Company Board each met with the Financial Advisors and Blakes to consider the Second Amended Proposal. The Independent Committee and the Company Board considered the merits of the Second Amended Proposal and received an update regarding the progress of discussions with any other potential counterparties. Management and the Financial Advisors reported that a transaction involving another potential counterparty that was superior to the transaction contemplated by the Second Amended Proposal was unlikely. At the conclusion of the meeting of the Company Board, the Company Board approved Painted Pony entering into a non-binding letter of intent containing terms included in the Second Amended Proposal, subject to such letter of intent containing certain revisions recommended by the Independent Committee, including a shorter exclusivity period. On July 27, 2020, the Financial Advisors returned the Second Amended Proposal to CNRL with the proposed revisions.

On July 28, 2020, Painted Pony received a further amended proposal (the "**Final Proposal**") from CNRL to acquire all of the outstanding Company Shares for consideration of $0.67, in cash, per Company Share, subject to a potential increase in the consideration in the event that the actual amounts to be paid by Painted Pony in respect of certain matters arising from the Arrangement were less than amounts assumed in the Final Proposal. The Final Proposal incorporated the shorter exclusivity period and certain other revisions requested by Painted Pony. Painted Pony agreed to the Final Proposal on July 29, 2020.

Over the subsequent 11-day period, CNRL and its legal counsel, Bennett Jones LLP ("**Bennett Jones**"), completed their due diligence investigation of Painted Pony and its business, and Painted Pony, assisted by Blakes, and CNRL, assisted by Bennett Jones, negotiated the terms of the Arrangement and the terms and conditions of the Arrangement Agreement and related documentation with, in the case of Painted Pony, supervision, input and guidance from the Company Board, the Independent Committee and the Financial Advisors.

Painted Pony requested that TD assess the fairness, from a financial point of view to Shareholders, of the consideration to be received pursuant to the proposed transaction and to be prepared to provide its opinion as to such fairness to the Independent Committee and the Company Board at the meetings of the Independent Committee and the Company Board at which the Arrangement would be considered.

During the week of August 3, 2020, Painted Pony approached representatives of the managers of the ARC Funds and the EnCap Funds on a confidential basis to discuss the proposed transaction and request that the ARC Funds and EnCap Funds enter into Voting Support Agreements. CNRL and Bennett Jones subsequently negotiated the terms of the Voting Support Agreements with the managers of the ARC Funds and the EnCap Funds and their respective counsel.

Following Painted Pony's acceptance of the Final Proposal, Painted Pony engaged with the holder of the Company Notes and Company Debentures to obtain the consent of such holder to the

Arrangement and the settlement of the terms of supplemental indentures to be entered into prior to the completion of the Arrangement. The holder and Painted Pony began negotiation of the Company Noteholder and Debentureholder Consent Agreement.

In the course of negotiating the Arrangement Agreement during the week of August 3, 2020, CNRL identified certain matters in its due diligence investigation of Painted Pony that were addressed by Painted Pony's management. In addition, Painted Pony was able to confirm that certain amounts that would be required to be paid in respect of certain matters arising from the Arrangement were less than amounts assumed in the Final Proposal, such that an increase in the consideration payable pursuant to the Arrangement would be appropriate. Painted Pony and CNRL continued to discuss the final amount of the Consideration during this period.

On August 9, 2020, the terms of the Arrangement Agreement, the Voting Support Agreements and the Company Noteholder and Debentureholder Consent Agreement had been substantially agreed to among the respective parties thereto. During the course of August 9, 2020, Painted Pony and CNRL continued to discuss the final amount of the Consideration, taking into account the final determination of certain amounts to be paid in respect of certain matters arising from the Arrangement and certain matters identified by CNRL in the course of its due diligence investigations. Following these discussions, CNRL proposed that the Consideration be $0.69 per Company Share.

On August 9, 2020, the Independent Committee met to consider the Arrangement. At such meeting, the Independent Committee received a verbal opinion from TD, confirmed by delivery of the Fairness Opinion dated August 9, 2020, to the effect that, as of the date and based upon and subject to the assumptions and limitations set forth in the Fairness Opinion, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. Thereafter, the Independent Committee reviewed, considered and unanimously determined to recommend that the Company Board resolve that: (a) the Arrangement is fair, from a financial point of view, to the Shareholders; (b) the Company Board recommend that the Securityholders vote in favour of the Arrangement Resolution; and (c) the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony.

Following the meeting of the Independent Committee, the Company Board met, reviewed and considered the terms of the Arrangement and the Arrangement Agreement, and the verbal opinion of TD, as described above, and the unanimous recommendation of the Independent Committee. The Company Board adjourned the meeting temporarily while the final detailed substantive terms of the Arrangement Agreement were settled during the evening of August 9, 2020. The Company Board reconvened to consider the final terms of the Arrangement Agreement and unanimously: (a) determined that the Arrangement is fair, from a financial point of view, to the Shareholders; (b) determined that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony; (c) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution; and (d) authorized the execution of and approved the Arrangement Agreement and the transactions contemplated thereby.

As part of its deliberations, the Independent Committee and the Company Board considered the matters described under the headings "*The Arrangement – Reasons for the Arrangement*" and "*The Arrangement – Recommendations*" below. The Independent Committee and the Company Board also received advice from Blakes with respect to their fiduciary duties and the impact of the proposed transaction on the Securityholders and other stakeholders of Painted Pony.

Following the approval by the Company Board, the Voting Support Agreements, the Company Noteholder and Debentureholder Consent Agreement and the Arrangement Agreement were executed and were delivered to the respective parties thereto on August 10, 2020. The Arrangement was announced prior to the open of financial markets on August 10, 2020.

Determination of the Independent Committee and the Company Board

In reaching the unanimous conclusion that the Arrangement is fair, from a financial point of view, to the Shareholders, that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony, and in recommending that the Securityholders vote **FOR** the Arrangement Resolution, the Independent Committee and the Company Board considered the regular review undertaken by the Company Board of the strategy and business alternatives available to Painted Pony. Among other alternatives to the Final Proposal, both the Independent Committee and the Company Board considered the reasonable likelihood and consequences of, among other things, the following items:

- *Limited access to capital markets*. The short- and long-term outlook for Painted Pony, based, in part, on the uncertain global economic situation, low natural gas and NGL prices, the size and terms of Painted Pony's outstanding indebtedness and the decreased confidence in the global credit and financial markets, which may have created a climate of greater volatility and less liquidity in the Company Shares, translates into a limited ability of Painted Pony to fund the development of its assets and access the capital markets on an accretive basis.

- *Going Concern Risk*. The significant declines in commodity prices resulting from a combination of reduced demand in the wake of COVID-19 and increased supply due to stalled negotiations among OPEC+ countries on production curtailments, has resulted in unprecedented and significant financial and operating challenges for Painted Pony. As highlighted in Painted Pony's most recent financial statements, Painted Pony's ability to continue as a going concern is dependent upon its ability to maintain its Credit Facilities at or above amounts currently drawn and its ability to renew such Credit Facilities prior to their maturity date. There can be no assurances that such Credit Facilities will be renewed, or that additional sources of funding will be available to Painted Pony. If the Arrangement is not completed, and in the absence of an alternative transaction, these matters give rise to material uncertainty regarding Painted Pony's ability to continue as a going concern.

- *Continued weakness in commodity prices.* All of Painted Pony's producing properties are located in northeast British Columbia and substantially all of its current production is natural gas and NGL. Commodity price volatility and lack of adequate transportation capacity over the last several years have resulted in weak natural gas and NGL prices, with Painted Pony's realized prices for its production decreasing by 12% from year-end 2018 to year-end 2019.

- *Economic Conditions*. The current state of the economy, as well as the uncertainty surrounding forecasted economic conditions both in the near term and the long term. In addition, the global economic environment has become much more challenging given the ongoing COVID-19 pandemic.

- *Superior Proposals*. The Company Board and the Independent Committee sought to ensure that third parties would have the opportunity to make competing and more attractive offers for the Company Shares. Although no such offers have been made, while negotiating the Arrangement Agreement, the Company Board and the Independent Committee maintained the ability to accept an unsolicited Superior Proposal, and the final form of the Arrangement Agreement provides Painted Pony with the right, in certain circumstances, to accept a Superior Proposal. Moreover, the Company Board and the Independent Committee considered the likelihood of other offers for the Company Shares, especially in light of the current economic environment.

- *30% realizable premium for Shareholders*. The Arrangement provides Shareholders with an approximately 30% premium over Painted Pony's 20-day volume weighted average trading price of $0.53 per Company Share as of August 7, 2020, the trading day immediately prior to the date of announcement of the proposed Arrangement.

- *All cash offer with no financing condition*. The Consideration offered by CNRL is all cash and is not subject to any financing condition, which provides Shareholders with certainty of value and an immediate opportunity to dispose of all of their Company Shares at a significant premium within a relatively illiquid market.

- *Value Enhancement Initiative*. The Financial Advisors conducted a thorough assessment and examination of plans, proposals and alternatives to enhance Shareholder value (including maintaining the status quo). Based upon the thorough Value Enhancement Initiative, the Independent Committee and the Company Board have concluded that the Arrangement represents the best available opportunity to maximize Shareholder value given current industry, economic and market conditions and trends. See "*The Arrangement – Background to the Arrangement and Recommendations*".

- *Fairness Opinion*. The Independent Committee and the Company Board received the Fairness Opinion, which concluded that, as of the date thereof and based upon and subject to the limitations and assumptions set forth therein, as of the date of such opinion, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

After considering such matters as they considered necessary or appropriate, including the foregoing, the Independent Committee and the Company Board concluded that the Arrangement represented the best available alternative for Securityholders in light of the current circumstances of Painted Pony.

The foregoing discussion of the information and factors considered by the Independent Committee and the Company Board is not intended to be exhaustive but includes material factors considered by the Independent Committee and the Company Board. In view of the wide variety of factors considered in connection with its evaluation of the Arrangement and possible alternatives and the complexity of these matters, the Independent Committee and the Company Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors and potential advantages and disadvantages. In addition, individual directors may have given different weight to different factors.

Reasons for the Arrangement

In reaching the unanimous conclusion that the Arrangement is fair, from a financial point of view, to the Shareholders, that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony, and in recommending that the Securityholders vote **FOR** the Arrangement Resolution, the Independent Committee and the Company Board considered, among other things and as applicable, the Fairness Opinion and various strategic, financial and operational factors and potential advantages and disadvantages of the Arrangement, as set forth below.

The following discussion of the information and factors considered and given weight by the Independent Committee and the Company Board is not intended to be exhaustive. In deciding to recommend approval of the Arrangement, the Independent Committee and the Company Board did not assign any relative or specific weighting to the foregoing factors or potential advantages or disadvantages, and individual directors may have given differing weighting to different factors and advantages and disadvantages.

The Independent Committee and the Company Board realize that there are risks associated with the Arrangement. The Independent Committee and the Company Board believe that the factors in favour of the Arrangement outweigh the risks and potential disadvantages of completing the Arrangement, although there can be no assurance in this regard. See "*Risk Factors*".

Process and Qualitative Factors

In connection with their review and recommendations, the Independent Committee and the Company Board considered among other factors, the following:

- the Company Board established the Independent Committee, consisting of three directors who were not members of management, to, initially, conduct a preliminary assessment and examination of Value Enhancement Initiative transactions, including the Final Proposal and, subsequently, to negotiate the terms of the Arrangement and the Arrangement Agreement;

- Painted Pony retained the Financial Advisors to manage the Value Enhancement Initiative and to provide financial advice to the Independent Committee and the Company Board in connection with the Arrangement, and requested that TD prepare and deliver the Fairness Opinion to the Independent Committee and the Company Board, the full text of which can be found in Appendix D to this Information Circular. The Independent Committee directed and monitored the work of the Financial Advisors, who confirmed that they received full cooperation from management of Painted Pony in conducting their work;

- the Independent Committee's judgment, after discussion with its advisors and management and the Company Board's judgment, after discussion with management, that there were few, if any, potentially interested and capable alternative counterparties to CNRL for an alternative transaction;

- the Independent Committee and the Company Board were satisfied that the Arrangement is fair, from a financial point of view, to the Shareholders and believe that the financial terms of the Arrangement warrant providing the Securityholders the opportunity to consider and vote on the Arrangement;

- the Fairness Opinion states that, as of the date thereof and based upon and subject to the assumptions and limitations set forth therein, TD is of the opinion that the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders;

- while the Arrangement Agreement contains a covenant prohibiting Painted Pony from soliciting third party Acquisition Proposals, the Arrangement Agreement does not preclude unsolicited Acquisition Proposals from other parties that constitute, or could be expected to constitute or lead to, a Superior Proposal. The Arrangement Agreement permits Painted Pony, prior to obtaining the approval of the Securityholders of the Arrangement Resolution, to discuss and negotiate, under specified circumstances, an unsolicited Acquisition Proposal should one be received and, if the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisors, that the unsolicited Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal and that the failure to pursue such Superior Proposal would be inconsistent with the Company Board's fiduciary duties under Applicable Laws, the Company Board is permitted, after taking certain steps (including the payment of the Termination Fee), to terminate the Arrangement Agreement in order to enter into a definitive agreement to implement such Superior Proposal;

- CNRL's obligation to complete the Arrangement being subject to a limited number of conditions, which the Independent Committee and the Company Board believe are reasonable under the circumstances, with the completion of the Arrangement not being subject to a financing condition, due diligence condition or the approval of CNRL's securityholders, and the fact that the conditions to completion of the Arrangement are specific and limited in scope;

- the business reputation and capabilities of CNRL, and the Independent Committee's and the Company Board's assessment that CNRL is willing to devote the resources necessary to complete the Arrangement in an expeditious manner;

- the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair and reasonable, substantively and procedurally, to the Shareholders;

- the Supporting Securityholders have agreed to vote in favour of the Arrangement Resolution pursuant to the Voting Support Agreements;

- if Painted Pony terminates the Arrangement Agreement in accordance with its terms (including to accept a Superior Proposal), the Voting Support Agreements will terminate and as such, the Voting Support Agreements do not act as an impediment to accepting and implementing a Superior Proposal; and

- the terms and conditions of the Arrangement were arrived at through a process of negotiations between the Independent Committee and the Company Board, on behalf of Painted Pony, and CNRL and their respective legal counsel and financial advisors.

After considering the foregoing, the Independent Committee and the Company Board concluded that the Arrangement represented the best available alternative for Securityholders in light of Painted Pony's current circumstances.

Potential Advantages and Disadvantages of the Arrangement

The Independent Committee and the Company Board also considered various factors and potential advantages and disadvantages of the Arrangement, including the following:

- the Arrangement provides Shareholders with an approximately 30% premium over Painted Pony's 20-day volume weighted average trading price of $0.53 per Company Share as of August 7, 2020, the trading day immediately prior to the date of announcement of the proposed Arrangement, and permits Shareholders to dispose of all of their Company Shares at a premium without the payment of brokerage commissions;

- the fact that the Consideration offered by CNRL is all cash and is not subject to any financing condition, which provides Securityholders with certainty of value and an immediate opportunity to dispose of all of their Company Shares or Company Options at a significant premium within a relatively illiquid market;

- the Independent Committee's and the Company Board's assessment of the current and anticipated future commodity price environment, opportunities and risks associated with the business, operations, assets, financial performance and condition of Painted Pony should the Arrangement not be completed, and in that regard and in considering Painted Pony continuing in its current form as an alternative to pursuing the Arrangement, the Independent Committee and the Company Board assessed the following:

    - Painted Pony's limited ability to fund the development of its assets and access the capital markets on an accretive basis;

    - the short, medium and long-term financial obligations of Painted Pony and their impact on cash flow;

   - the outstanding indebtedness under the Credit Facilities, the Company Notes and the Company Debentures, the terms of such obligations and Painted Pony's ability to reduce its indebtedness in the future; and

   - the capital expenditures associated with development of Painted Pony's assets and return to Shareholders in light of current and future natural gas and NGL prices;

- in light of the foregoing, the Independent Committee and the Company Board concluded that the Consideration is more likely to provide higher value to Securityholders in the circumstances than Painted Pony continuing in its current form;

- if the Arrangement is not approved by Securityholders and the Company Board decides to seek another transaction, there can be no assurance that Painted Pony will be able to find a party willing to pay an equivalent or higher price than the Consideration or that such other transaction will proceed or be successful;

- the Arrangement Resolution must receive the Requisite Securityholder Approval. See "*Procedure for the Arrangement to Become Effective*";

- Registered Shareholders who do not approve the Arrangement may exercise Dissent Rights if the Arrangement proceeds in respect of such Registered Shareholder; and

- the Company Board and the Independent Committee believe that the Arrangement is likely to be completed in accordance with its terms and within a reasonable time, with closing of the Arrangement currently expected to occur on or about October 6, 2020, if all of the necessary conditions to the Arrangement under the Arrangement Agreement are satisfied or waived by that time.

Recommendations

The foregoing discussion of the information and factors considered and given weight by the Independent Committee and the Company Board is not intended to be exhaustive. In addition, in reaching the determination to approve and recommend the Arrangement, the Independent Committee and the Company Board did not assign any relative or specific weights to the following factors which were considered, and individual directors may have given differing weights to different factors.

The Independent Committee and the Company Board realized that there are risks associated with the Arrangement, including that some of the potential benefits described in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits. The Independent Committee and the Company Board believe that the factors in favour of the Arrangement outweigh the risks and potential disadvantages, although there can be no assurance in this regard. See "*Risk Factors*".

Recommendation of the Independent Committee

The Independent Committee, following receipt of the Fairness Opinion and other advice from the Financial Advisors and legal counsel, and having undertaken a thorough review of, and having carefully considered the Arrangement, the terms of the Arrangement Agreement and such other matters as it considered necessary or appropriate, including the factors and risks described in the paragraph below and elsewhere in this Information Circular, unanimously recommended that the Company Board resolve that: (a) the Arrangement is fair, from a financial point of view, to the Shareholders; (b) the Company Board recommend that the Securityholders vote in favour of the Arrangement Resolution; and (c) the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony.

In coming to its conclusion and unanimous recommendation to the Company Board, the Independent Committee considered, among others, the following factors (which are not intended to be exhaustive):

- the purpose and anticipated benefits of the Arrangement as outlined elsewhere in this Information Circular, including under the heading "*The Arrangement – Reasons for the Arrangement*";

- the advice and assistance of the Financial Advisors in evaluating the Value Enhancement Initiative and the Arrangement. See "*The Arrangement – Background to the Arrangement and Recommendations*"; and

- information concerning the financial condition, results of operations, business plans and prospects of Painted Pony, and the alternatives available thereto.

Recommendation of the Company Board

The Company Board, following receipt of the unanimous recommendation of the Independent Committee and the Fairness Opinion and other advice from the Financial Advisors and legal counsel, and having undertaken a thorough review of, and having carefully considered the Arrangement, the terms of the Arrangement Agreement and such other matters as it considered necessary or appropriate, including the factors and risks described in the paragraph below and elsewhere in this Information Circular, has unanimously: (a) determined that the Arrangement is fair, from a financial point of view, to the Shareholders; (b) determined that the Arrangement and the entry into the Arrangement Agreement are in the best interests of Painted Pony; (c) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution; and (d) authorized the execution of and approved the Arrangement Agreement and the transactions contemplated thereby.

Accordingly, the Company Board unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

In coming to its conclusion and unanimous recommendation to the Securityholders, the Company Board considered, among others, the following factors (which are not intended to be exhaustive):

- the unanimous recommendation of the Independent Committee and the Fairness Opinion;

- the purpose and anticipated benefits of the Arrangement as outlined elsewhere in this Information Circular, including under the heading "*The Arrangement – Reasons for the Arrangement*"; and

- information concerning the financial condition, results of operations, business plans and prospects of Painted Pony, and the alternatives available thereto.

Following the meeting of the Company Board on August 9, 2020 and concurrently with the entering into of Company Noteholder and Debentureholder Consent Agreement between Painted Pony and the holders of Company Notes and Company Debentures, Painted Pony and CNRL executed the Arrangement Agreement and Painted Pony concurrently delivered the Voting Support Agreements to CNRL. A news release of Painted Pony announcing the proposed Arrangement and the Arrangement Agreement was disseminated on August 10, 2020.

On August 25, 2020, the Company Board approved the contents and mailing of this Information Circular to Securityholders, subject to any amendments that may be approved by Painted Pony's senior management team. On August 31, 2020, the Court granted the Interim Order, the full text of which is attached as Appendix C to this Information Circular.

Fairness Opinion

In deciding to recommend approval of the Arrangement, the Independent Committee and the Company Board, considered, among other things, the Fairness Opinion.

Painted Pony engaged the Financial Advisors to, among other things, manage the Value Enhancement Initiative and provide financial advice to the Independent Committee and the Company Board in connection therewith, and requested that TD prepare and deliver an opinion regarding the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement.

The Independent Committee determined, based in part on certain representations made to it by TD, that TD was independent of Painted Pony and CNRL and qualified to provide an opinion concerning the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement.

TD provided the Independent Committee and the Company Board with the Fairness Opinion for their exclusive use only in connection with their consideration of the Arrangement, and the Fairness Opinion is not to be used or relied upon by any other person except in accordance with TD's prior written consent. The Fairness Opinion is not intended to be, nor does it constitute, a recommendation to the Independent Committee or the Company Board whether to enter into the Arrangement or as to how Shareholders should vote with respect to the Arrangement or any other matter. This summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the Fairness Opinion. The Company Board urges Shareholders to read the Fairness Opinion carefully and in its entirety.

The Fairness Opinion provides that, in the opinion of TD, as of the date thereof and based upon and subject to the assumptions and limitations set forth therein, the Consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to such Shareholders.

See the Fairness Opinion attached as Appendix D.

TD's Engagement and Qualifications

TD was formally appointed as a co-lead financial advisor in connection with the Value Enhancement Initiative by Painted Pony pursuant to the TD Engagement Agreement. Subsequently, on July 27, 2020, Painted Pony formally requested that TD provide an opinion concerning the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement.

Details regarding TD's qualifications, credentials and independence for purposes of MI 61-101 are set forth under the headings "*Credentials of TD Securities*" and "*Relationships with Interested Parties*" in the Fairness Opinion.

TD has advised Painted Pony that, as at the date of the Fairness Opinion, TD and its affiliates beneficially owned no outstanding Company Shares and less than 2.8% of the outstanding securities of CNRL.

Fees Payable to TD

Pursuant to the terms of the TD Engagement Agreement, Painted Pony is obligated to pay TD certain fees for its services, a portion of which was payable upon delivery of the Fairness Opinion to Painted Pony (which portion was not contingent on completion of the Arrangement) and a portion of which is

contingent on closing of the Arrangement. The fees payable to TD under the TD Engagement Agreement were negotiated and agreed to by TD and Painted Pony. No portion of the fees payable to TD under the TD Engagement Agreement is contingent upon the conclusions reached by TD in the Fairness Opinion.

Under the TD Engagement Agreement, TD is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in connection with its engagement. Painted Pony has also agreed to indemnify TD in respect of certain liabilities which may arise out of its engagement.

RBC's Engagement

RBC was formally appointed as a co-lead financial advisor in connection with the Value Enhancement Initiative by Painted Pony pursuant to the RBC Engagement Agreement.

Fees Payable to RBC

Pursuant to the terms of the RBC Engagement Agreement, Painted Pony is obligated to pay RBC certain fees for its services that are contingent on closing of the Arrangement. The fees payable to RBC under the RBC Engagement Agreement were negotiated and agreed to by RBC and Painted Pony.

Under the RBC Engagement Agreement, RBC is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in connection with its engagement. Painted Pony has also agreed to indemnify RBC in respect of certain liabilities which may arise out of its engagement.

Raymond James' Engagement

Raymond James was formally appointed as an additional financial advisor in connection with the Value Enhancement Initiative by Painted Pony on June 1, 2020 pursuant to the RJ Engagement Agreement.

Fees Payable to Raymond James

Pursuant to the terms of the RJ Engagement Agreement, Painted Pony is obligated to pay Raymond James certain fees for its services that are contingent on closing of the Arrangement. The fees payable to Raymond James under the RJ Engagement Agreement were negotiated and agreed to by Raymond James and Painted Pony.

Under the RJ Engagement Agreement, Raymond James is also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in connection with its engagement. Painted Pony has also agreed to indemnify Raymond James in respect of certain liabilities which may arise out of its engagement.

Source of Funds for the Arrangement

As of the date of this Information Circular, 160,995,692 Company Shares are issued and outstanding. Based on the purchase price of $0.69 per Company Share, the aggregate Consideration is approximately $111.1 million. CNRL intends to fund the payment by using existing cash on hand.

As of the date of this Information Circular, 11,229,027 Company Options are outstanding. Based on the exercise price of such Company Options relative to the Consideration, the aggregate amount payable to Optionholders is approximately $170,000.

As of the date of this Information Circular, 2,616,308 Company DSUs, 1,571,279 Company PSUs and 1,937,305 Company RSUs are outstanding. Based on the exercise price of such Company Incentive Awards relative to the Consideration, the aggregate amount payable to holders of Company Incentive Awards is approximately $4.2 million.

Painted Pony intends to fund the payments to Optionholders and holders of Company Incentive Awards using existing cash on hand.

Voting Support Agreements

Each of the Supporting Securityholders has agreed, among other things, not to dispose of any of their Company Shares or Company Options prior to the Effective Date, to vote in favour of the Arrangement Resolution and to otherwise support the Arrangement. The Supporting Securityholders collectively hold approximately 25% of the outstanding Company Shares and 30% of the outstanding Company Shares and Company Options, calculated as a single class.

THE ARRANGEMENT AGREEMENT

The following is a summary only of certain of the material terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement attached to this Information Circular as Appendix B. Securityholders are urged to read the Arrangement Agreement and the Plan of Arrangement carefully and in their entirety.

General

The Arrangement will be effected pursuant to the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix B to this Information Circular. The Arrangement Agreement contains covenants, representations and warranties of and from each of Painted Pony and CNRL and various conditions precedent, both mutual and with respect to Painted Pony and CNRL. Unless all such conditions are satisfied or waived (to the extent capable of being waived) by the Party for whose benefit such conditions exist, the Arrangement will not proceed. There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis or at all.

Representations and Warranties of the Parties

The Arrangement Agreement contains certain customary representations and warranties of each of Painted Pony and CNRL relating to, among other things, their respective organization, qualification and authorization to enter into the Arrangement Agreement and to consummate the Arrangement, as well as certain representations and warranties related to the absence of any violation of, or conflict with, among other things, such Party's constating documents or Applicable Laws. In addition, Painted Pony has made certain representations and warranties with respect to its business, operations and assets. The representations and warranties made by the Parties are, in certain cases, subject to specified exceptions or qualifications. For the complete text of the applicable provisions, see Schedule "C" and Schedule "D" of the Arrangement Agreement.

Mutual Conditions

The respective obligations of the Parties to consummate the transactions contemplated by the Arrangement Agreement, and, in particular, the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be

waived, in whole or in part, by either Party (with respect to such Party) in its sole discretion at any time and without prejudice to any other rights that such Party may have:

(a) Interim Order. The Interim Order shall have been obtained in form and substance satisfactory to each of CNRL and Painted Pony, acting reasonably, on terms consistent with the Arrangement and such order shall not have been set aside or materially modified in a manner unacceptable to CNRL and Painted Pony, each acting reasonably, on appeal or otherwise.

(b) Arrangement Resolution. The Arrangement Resolution shall have been passed by the Securityholders in accordance with the Interim Order by the Outside Date.

(c) Final Order. The Final Order shall have been granted by the Outside Date in form and substance satisfactory to CNRL and Painted Pony, acting reasonably, on terms consistent with the Arrangement and such order shall not have been set aside or materially modified in a manner unacceptable to CNRL and Painted Pony, acting reasonably, on appeal or otherwise.

(d) Articles of Arrangement. The Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of CNRL and Painted Pony, acting reasonably.

(e) Competition Act Clearance. The Competition Act Clearance has been obtained and shall be in full force and effect.

(f) Regulatory Approvals. All Regulatory Approvals (other than the Competition Act Clearance) required to be obtained or that the Parties mutually agree in writing to obtain in respect of the completion of the Arrangement, and the expiry of applicable waiting periods necessary to complete the Arrangement, shall have occurred or been obtained on terms and conditions acceptable to the Parties, each acting reasonably.

(g) Outside Date. The Effective Date shall be on or before the Outside Date.

(h) No Actions. There shall be no action taken, pending or threatened under any existing Applicable Laws, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority: (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement; or; (ii) results in a judgment or assessment of material damages directly or indirectly relating to the Arrangement.

Conditions to the Obligations of CNRL

The obligation of CNRL to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, is subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Painted Pony set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to materiality or by the expression "Material Adverse Change" or "Material Adverse Effect", true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of such earlier date), except where any failure or failures of any such representations to be so true and correct would not, individually or in the aggregate, would not have or would not reasonably be expected to have a Material Adverse

Effect, except it being understood the number of Company Shares outstanding may increase from the number outstanding on the date of the Arrangement Agreement solely as a result of the conversion of securities of Painted Pony convertible into Company Shares, and that the number of Company DSUs, Company PSUs and Company RSUs may change due to their vesting, expiry or termination in accordance with their terms, and Painted Pony shall have provided to CNRL a certificate of two senior officers of Painted Pony certifying the foregoing on the Effective Date; provided that, Painted Pony shall be entitled to cure any breach of a representation or warranty within five Business Days after receipt of written notice thereof from CNRL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(b) Covenants. Painted Pony shall have complied in all material respects with its covenants in the Arrangement Agreement, and Painted Pony shall have provided to CNRL a certificate of two senior officers certifying compliance with such covenants; provided that, Painted Pony shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from CNRL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken against Painted Pony before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive, whether or not having the force of law, shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of CNRL, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect.

(d) No Material Adverse Change. Between the date of the Arrangement Agreement and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Painted Pony.

(e) Company Board and Securityholders. Painted Pony shall have furnished CNRL with: (i) a certified copy of the resolutions duly passed by the Company Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and (ii) a certified copy of the resolution of the Securityholders, duly passed at the Meeting, approving the Arrangement Resolution.

(f) Number of Employees. Immediately prior to the Effective Time, excluding the Executive Employees, Painted Pony shall have no more than 65 employees.

(g) Outstanding Company Shares. Immediately prior to the Effective Time, not more than 160,995,692 Company Shares (prior to giving effect to any Company Shares issued on the exercise of Company Options outstanding as at the date of the Arrangement Agreement) shall be issued and outstanding.

(h) Payout Value of Company Incentive Awards. The payout value of all vested Company Incentive Awards outstanding immediately prior to the Effective Time shall not, in the aggregate, exceed a predetermined amount as set forth in the Arrangement Agreement.

(i) Certain Costs and Expenses. Immediately prior to the Effective Time, the Executive Employee Termination Packages (including accrued vacation payouts) the Company

Employee Costs, if any, the Company Transaction Costs (exclusive of applicable taxes), and the Seismic Change of Control Payment (exclusive of applicable taxes) shall not exceed certain predetermined amounts as set forth in the Arrangement Agreement.

(j) Indebtedness. As at June 30, 2020, not more than $148,447,466, in aggregate, was drawn on the Company Operating Facility and the Company Revolving Facility, such amount being comprised of $157,000,000 bankers' acceptance, netted by $7,782,457 in cash and $770,077 of prepaid bankers' acceptance fees.

(k) Supplemental Note Indenture and Supplemental Debenture Indenture. The Supplemental Note Indenture and the Supplemental Debenture Indenture (each as defined in the Company Noteholder and Debentureholder Consent Agreement) shall have been entered into by Painted Pony and TSX Trust Company and shall be in full force and effect.

(l) Dissent Rights. Holders of not greater than 5% of the outstanding Company Shares shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

The foregoing conditions are for the exclusive benefit of CNRL and may be asserted by CNRL regardless of the circumstances or may be waived by CNRL in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which CNRL may have.

Conditions to the Obligations of Painted Pony

The obligation of Painted Pony to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, is subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of CNRL set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to materiality or by the expression "material adverse change" or "material adverse effect", true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of such earlier date), except where any failure or failures of any such representations to be so true and correct would not, individually or in the aggregate, would not have or would not reasonably be expected to have a material adverse effect on CNRL (and, for this purpose, any reference to "material", "material adverse effect", "material adverse change" or any other concepts of materiality shall be ignored), and CNRL shall have provided to Painted Pony a certificate of two senior officers of CNRL certifying the foregoing on the Effective Date; provided that, CNRL shall be entitled to cure any breach of a representation or warranty within five Business Days after receipt of written notice thereof from Painted Pony (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(b) Covenants. CNRL shall have complied in all material respects with its covenants under the Arrangement Agreement, and CNRL shall have provided to Painted Pony a certificate of two senior officers certifying compliance with such covenants; provided that, CNRL shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Painted Pony (except that no cure

period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken against CNRL before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive, whether or not having the force of law, shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Painted Pony, acting reasonably, in either case has had or, if the Arrangement was consummated, would materially impede the ability of the Parties to complete the Arrangement in accordance with its terms.

(d) Board Approval. CNRL shall have furnished Painted Pony with a certified copy of the resolutions duly passed by its board of directors approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement.

(e) Payment of Consideration. CNRL shall have deposited, or caused to be deposited, with the Depositary, sufficient funds to satisfy CNRL's obligations under the Arrangement Agreement and the Depositary will have confirmed to Painted Pony receipt from or on behalf of CNRL of the funds contemplated thereunder.

The foregoing conditions are for the exclusive benefit of Painted Pony and may be asserted by Painted Pony regardless of the circumstances or may be waived by Painted Pony in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Painted Pony may have.

Covenants

The Arrangement Agreement also contains customary negative and affirmative covenants of Painted Pony and CNRL, including the following mutual covenants:

(a) from the date of the Arrangement Agreement until the Effective Date or termination of the Arrangement Agreement, each of CNRL and Painted Pony will use all commercially reasonable efforts to: (A) satisfy (or cause the satisfaction of) the conditions precedent to its obligations under the Arrangement Agreement; (B) not take, or cause to be taken, any action or cause anything to be done that would cause such conditions or obligations not to be fulfilled in a timely manner; and (C) take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement as soon as reasonably practicable, including using all commercially reasonable efforts:

  (i) to complete the Arrangement on or before October 30, 2020;

  (ii) to promptly effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected by it in connection with the Arrangement, and to obtain and maintain all necessary waivers, consents and approvals from third parties required to be obtained by it, including from parties to loan agreements, leases and other contracts, in connection with the Arrangement;

  (iii) to promptly obtain and maintain all waivers, consents and approvals from other parties to loan agreements, leases and other contracts to which it is a

party that are required to permit the completion of the Arrangement on the terms contemplated in the Arrangement Agreement or that are reasonably expected to be required to maintain the material contracts in full force and effect following the Effective Time, in each case on terms that are reasonably satisfactory to the Parties;

(iv) to promptly obtain all necessary exemptions, consents, approvals and authorizations as are required by it under all Applicable Laws;

(v) to promptly oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or cause to be defended, all lawsuits or other legal, regulatory or other proceedings to which it is a party or brought against it or its directors or officers challenging or affecting the Arrangement or the Arrangement Agreement or the consummation of the transactions contemplated therein; and

(vi) to cooperate with each other in taking, or causing to be taken, all actions necessary to delist the Company Shares from the TSX; provided, however, that such delisting will not be effective until after the Effective Time;

(b) to carry out the terms of the Interim Order and the Final Order;

(c) to make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. securities laws, if applicable, required to be made on the part of such Party in connection with the transactions contemplated in the Arrangement Agreement and will take all commercially reasonable action necessary to be in compliance with such Applicable Laws;

(d) to use all commercially reasonable efforts to obtain any Regulatory Approvals required by it in connection with the Arrangement as soon as is practicable;

(e) to not to take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with the Arrangement Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement and the transactions contemplated by the Arrangement Agreement;

(f) except as contemplated in the Arrangement Agreement, to not take any action, refrain from taking any action, or permit any action to be taken by it that would render, or may reasonably be expected to render, any representation or warranty made by it in the Arrangement Agreement untrue in any material respect at any time prior to the Effective Date or termination of the Arrangement Agreement, whichever first occurs;

(g) to promptly notify the other Party in writing of:

(i) any material breach of any covenant, obligation or agreement contained in the Arrangement Agreement, or of any investigation, litigation, claim, proceeding or formal complaint related to any of the representations in, section (e) of Schedule “C” and Schedule “D” of the Arrangement Agreement, respectively;

(ii) to the extent permitted by Applicable Laws, any notice or other communication from any Governmental Authority in connection with the Arrangement Agreement (and contemporaneously provide a copy of any such written notice or communication to the other Party);

(iii) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person is required in connection with the Arrangement Agreement or the Arrangement (and contemporaneously provide a copy of any such written notice or communication to the other Party);

(iv) any circumstance or development that, to such Party's knowledge, would have a material adverse effect with respect to it; and

(v) any change affecting any representation or warranty provided by such Party in the Arrangement Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect; and

such Party shall in good faith discuss with the other Party any such change in circumstances (actual, anticipated, contemplated, or to the knowledge of such Party, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to the other Party pursuant to such provision; and

(h) in connection with obtaining the Regulatory Approvals (including the Competition Act Clearance), each of the Parties shall, and shall cause their respective affiliates, to among other things, use all commercially reasonable efforts, including by cooperating with one another and providing such assistance to one another as the other Party may reasonably request in connection with obtaining the Regulatory Approvals (including the Competition Act Clearance) as soon as reasonably practicable and, in any event, no later than the Outside Date.

For the complete text of the applicable provisions, see Sections 3.1, 3.3, 3.4 and 3.5 of the Arrangement Agreement.

Covenants Relating to the Conduct of Business of Painted Pony

In the Arrangement Agreement, Painted Pony has agreed to certain negative and affirmative covenants relating to the operation of its business during the period from the date of the Arrangement Agreement until the earlier of the Effective Date and the date on which the Arrangement Agreement is terminated in accordance with its terms, including, among other things, that the business of Painted Pony shall be conducted only in, and Painted Pony shall not take any action except in, the usual and ordinary course of business consistent with past practices and in accordance with good business practices, and Painted Pony shall use all commercially reasonable efforts to maintain and preserve its business, assets, properties, goodwill and employees and business relationships with suppliers, distributors, customers, joint venture partners and others having business relationships with it and shall, subject to certain limitations set forth in the Arrangement Agreement, keep CNRL apprised of all material developments in the ongoing business and affairs of Painted Pony. For the complete text of the applicable provisions, see Section 3.3 of the Arrangement Agreement.

Covenants of Painted Pony Regarding Non-Solicitation

In the Arrangement Agreement, Painted Pony has agreed to certain non-solicitation covenants in favour of CNRL, including that Painted Pony shall not, except as provided in the Arrangement Agreement, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(a) solicit, assist, initiate or knowingly facilitate or encourage or take any action to solicit or knowingly facilitate, initiate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that

constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including by way of furnishing information or access to properties, facilities or books and records;

(b) enter into or otherwise engage or participate in any discussions or negotiations regarding any inquiry, proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, or furnish or provide access to any information with respect to its businesses, properties, operations, prospects, securities or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

(c) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to CNRL, the Company Board Recommendation, except in the manner contemplated by the Arrangement Agreement;

(d) waive, modify or release any third party from or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive, modify, release any third party from, or provide any consent to any third party under, or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; provided that it is acknowledged by CNRL that the automatic termination or release of any such agreement or restriction solely as a result of entering into the Arrangement Agreement shall not be a violation of the Arrangement Agreement;

(e) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse, or take no position or a neutral position with respect to, any Acquisition Proposal; or

(f) otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal.

The foregoing restrictions are, however, subject to a "fiduciary out" provision which provides that Painted Pony and its Representatives may at any time prior to obtaining the approval of the Securityholders of the Arrangement Resolution:

(a) enter into or participate in any discussions or negotiations with an arm's length third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by Painted Pony or any of its Representatives) seeks to initiate such discussions or negotiations with Painted Pony that do not result from a breach of the Arrangement Agreement and, subject to execution of a confidentiality and standstill agreement on terms that are no less favourable to Painted Pony than those contained in the Confidentiality Agreement (provided that, such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to CNRL as set out below and shall not grant such third party the exclusive right to negotiate with Painted Pony), may furnish to such third party information concerning Painted Pony and its business, properties and assets (on the condition that such third party is not furnished with greater access or information than CNRL), in each case if, and only to the extent that:

   (i) the third party has first made a written *bona fide* Acquisition Proposal which did not result from a breach of the Arrangement Agreement and in respect of which the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisors, constitutes or could reasonably be expected to constitute or lead to, a Superior Proposal;

(ii) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, Painted Pony provides prompt written notice to CNRL to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to CNRL, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Painted Pony shall notify CNRL orally and in writing of any inquiries, offers or proposals with respect to an Acquisition Proposal (which written notice shall include, a copy of any such proposal (and any amendments or supplements thereto), the identity of the person making it, and, if not previously provided to CNRL, copies of all information provided to such party), within 48 hours of the receipt thereof, shall keep CNRL promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and each material change in any of the terms of such Acquisition Proposal; and

(iii) Painted Pony shall continue to be, at all times, in compliance with the Arrangement Agreement; and

(b) at any time prior to obtaining the approval of the Securityholders of the Arrangement Resolution, withdraw any approval or recommendation contemplated by Section 6.1(b)(iii) of the Arrangement Agreement (see item (c) under "*The Arrangement Agreement – Covenants of Painted Pony Regarding Non-Solicitation*" above) and accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation: (i) the Company Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement as contemplated by the Arrangement Agreement and after receiving the advice of outside legal counsel and financial advisors, as reflected in the minutes of the Company Board, that the failure by the Company Board to take such action would be inconsistent with its fiduciary duties under Applicable Laws; (ii) Painted Pony complies, and at all times has complied, with all of its obligations set forth the Arrangement Agreement; and (iii) Painted Pony terminates the Arrangement Agreement in accordance with the Arrangement Agreement and concurrently therewith pays the Termination Fee to CNRL.

Painted Pony shall promptly (and in any event within 48 hours) notify CNRL of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Painted Pony or its assets in connection with an Acquisition Proposal, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making, any inquiry, proposal, offer or request. Painted Pony shall keep CNRL promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and of each material change in any of the terms of such Acquisition Proposal and shall provide to CNRL copies of all correspondence with the person making such Acquisition Proposal, with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or in electronic form, and if not in writing or in electronic form, a description of the terms of such correspondence.

For the complete text of the applicable provisions, see Section 6.1 of the Arrangement Agreement.

Matching Right

Painted Pony shall give CNRL at least five Business Days' advance notice of any decision by the Company Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which shall:

(a) confirm that the Company Board (and any relevant committee thereof), in consultation with its financial advisors and outside legal counsel, has determined in good faith that such Acquisition Proposal constitutes a Superior Proposal;

(b) identify the third party making the Superior Proposal;

(c) confirm that the definitive agreement to implement such Superior Proposal does not contain any financing condition, due diligence condition or access condition; and

(d) confirm that a definitive agreement to implement such Superior Proposal has been settled between Painted Pony and such third party in all material respects (including in respect of the value and financial terms) and the value ascribed to any non-cash consideration offered under such Acquisition Proposal, and Painted Pony will concurrently provide a true and complete copy thereof, together with all supporting materials, including any financing documents supplied to Painted Pony in connection therewith, and will thereafter promptly provide any amendments thereto, to CNRL.

During the five Business Day period commencing on delivery of such notice, Painted Pony agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change the recommendation of its directors regarding the Arrangement. During such five Business Day period, Painted Pony shall, and shall cause its Representatives to, if so requested by CNRL, negotiate in good faith with CNRL and its Representatives to enable CNRL, at its election, to propose adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as CNRL deems appropriate. The Company Board shall review any proposal by CNRL to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether CNRL's proposal to amend the transactions contemplated by the Arrangement Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendments to the transactions contemplated by the Arrangement Agreement and the Arrangement. In the event CNRL proposes to amend the Arrangement Agreement such that the Acquisition Proposal ceases to be a Superior Proposal, and so advises the Company Board in writing prior to the expiry of such five Business Day period, the Company Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement and CNRL and Painted Pony shall enter into an amended version of the Arrangement Agreement reflecting such proposed amendments prior to the expiry of such five Business Day period, and upon execution thereof, the Company Board shall promptly reaffirm its recommendations and determinations referred to in the Arrangement Agreement by press release. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement and shall initiate a new five Business Day match right period.

In the event that Painted Pony provides the notice contemplated by the Arrangement Agreement on a date which is less than five Business Days prior to the Meeting, CNRL shall be entitled to require Painted Pony to adjourn or postpone the Meeting to a date acceptable to CNRL, acting reasonably, provided that such adjournment or postponement may not exceed ten Business Days without the consent of Painted Pony.

For the complete text of the applicable provisions, see Sections 6.1 of the Arrangement Agreement.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date by:

(a) the mutual written consent of each CNRL and Painted Pony;

(b) either CNRL or Painted Pony if the Arrangement Resolution shall have failed to receive the requisite votes of the Securityholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

(c) either CNRL or Painted Pony if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement under this provision shall not be available to the Party whose failure to fulfill any of its covenants or obligations in the Arrangement Agreement has been the sole cause of, or resulted in, the failure of the Effective Time to occur by such date;

(d) CNRL if the conditions to its obligations set forth in the Arrangement Agreement (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the Outside Date or such condition is incapable of being satisfied by the Outside Date; provided that, CNRL has complied with the Arrangement Agreement and CNRL is not then in breach of the Arrangement Agreement so as to cause any of such conditions not to be satisfied;

(e) Painted Pony if the conditions to its obligations set forth in the Arrangement Agreement (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the Outside Date or such condition is incapable of being satisfied by the Outside Date; provided that, Painted Pony has complied with the Arrangement Agreement and Painted Pony is not then in breach of the Arrangement Agreement so as to cause any of such conditions not to be satisfied;

(f) CNRL upon the occurrence of a Damages Event; or

(g) Painted Pony to accept, recommend, approve or enter into an agreement to implement a Superior Proposal; provided that: (i) Painted Pony has complied with its non-solicitation obligations in the Arrangement Agreement in all material respects; and (ii) Painted Pony concurrently pays the Termination Fee to CNRL.

For the complete text of the applicable provisions, see Section 8.1 of the Arrangement Agreement.

Termination Fee

Pursuant to the Arrangement Agreement, if a Damages Event occurs and the Arrangement Agreement is terminated pursuant to any of items (b), (f) or (g) under "*The Arrangement Agreement – Termination of the Arrangement Agreement*" above, Painted Pony shall pay the Termination Fee in accordance with Section 6.2 of the Arrangement Agreement as liquidated damages.

For the purposes of the Arrangement Agreement, "**Damages Event**" means the occurrence of any of the following circumstances:

(a) Painted Pony: (i) fails to make any of the Company Board Recommendation, including in any press release contemplated by the Arrangement Agreement that is issued by Painted Pony with respect to the Arrangement Agreement or the Arrangement or as otherwise required by the Arrangement Agreement; (ii) withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, any of the Company Board Recommendation in a manner adverse to CNRL (it being understood that the taking of a neutral position or no position with respect to an announced Acquisition Proposal beyond the earlier of a period of two Business Days following such announcement or the date which is the day prior to the date proxies in respect of the Meeting must be deposited shall be considered an adverse modification to such recommendation); or (iii) resolves to do any of the foregoing;

(b) the Company Board shall have failed to reaffirm publicly any of the Company Board Recommendation in the manner and within the time period set out in Section 6.1(d) of the Arrangement Agreement (see "*The Arrangement Agreement – Termination of the Arrangement Agreement*" above);

(c) the Arrangement Agreement is terminated by either Party pursuant to Section 8.1(a)(ii) of the Arrangement Agreement (see item (b) under "*The Arrangement Agreement – Termination of the Arrangement Agreement*" above) and prior to such termination an Acquisition Proposal (or an intention to make an Acquisition Proposal) is or has been publicly announced, proposed, disclosed, offered or made by any person (other than CNRL or its affiliates) and, within 12 months following the date of such termination:

    (i) the Company Board recommends any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such 12-month period);

    (ii) Painted Pony enters into a binding definitive agreement in respect of any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such 12-month period); or

    (iii) any Acquisition Proposal is consummated;

(d) the Company Board (or any committee thereof) accepts, recommends, approves or enters into, or proposes publicly to accept, recommend, approve or enter into, an agreement, understanding or letter of intent to implement a Superior Proposal; or

(e) Painted Pony willfully breaches any of its non-solicitation obligations under the Arrangement Agreement.

For the complete text of the applicable provisions, see Section 6.2 of the Arrangement Agreement.

Liquidated Damages

Pursuant to the Arrangement Agreement, each Party acknowledges that the Termination Fee represents liquidated damages, which is a genuine pre-estimate of the damages, including opportunity costs, reputational damage and out-of-pocket expenditures, which CNRL and its affiliates will suffer or incur as a result of the event giving rise to such damages and the resultant termination of the

Arrangement Agreement and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of the amount pursuant to Section 6.2 of the Arrangement Agreement (see "*The Arrangement Agreement – Termination Fee*" above) is the sole monetary remedy of CNRL in respect of the events contemplated therein; provided, however, that this limitation shall not apply in the event of fraud or willful or intentional breach of the Arrangement Agreement by Painted Pony and, in such circumstances, CNRL may pursue an action against Painted Pony for damages. Nothing in the Arrangement Agreement shall, in circumstances where a Termination Fee is not payable, otherwise preclude CNRL from pursuing an action against Painted Pony for damages under a breach of the Arrangement Agreement or from seeking and obtaining injunctive relief to restrain any breach or threatened breach of the covenants or agreements of Painted Pony set forth in the Arrangement Agreement or the confidentiality agreement entered into by the Parties in relation thereto, or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting bond or security in connection therewith. In no event shall Painted Pony be obligated to pay the Termination Fee on more than one occasion whether or not such fee may be payable at different times or upon the occurrence of different events.

Other Required Approvals

Painted Pony's lenders under the Credit Facilities, and the holders of Company Notes and Company Debentures have, where applicable, waived any defaults under the Credit Facilities and the Company Notes and Company Debentures regarding the Arrangement.

Except as otherwise disclosed in this Information Circular, Painted Pony is not aware of any other consents or approvals of any Governmental Authority required in connection with the Arrangement.

Fees and Expenses of the Arrangement

Except as otherwise expressly provided for in the Arrangement Agreement, all fees, costs and expenses incurred in connection with the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed. See Section 10.5 of the Arrangement Agreement.

Painted Pony currently estimates that, if the Arrangement is consummated, the aggregate costs incurred by Painted Pony relating to the Arrangement, including, fees and expenses of financial and accounting advisors, printing, mailing, solicitation, proxy solicitation services and shareholder communication costs, Meeting costs, legal fees and disbursements, as well as the cost of the Executive Employee Termination Packages and the Company Employee Costs, if any, will be approximately $15.4 million.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement Resolution must be approved by the Securityholders at the Meeting by the Requisite Securityholder Approval and in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party; and

(d) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis or at all.

Upon the conditions precedent set forth in the Arrangement Agreement being fulfilled or waived, Painted Pony intends to file a copy of the Final Order and the Articles of Arrangement with the Registrar under the ABCA, together with such other materials as may be required by the Registrar, in order to give effect to the Arrangement.

Securityholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least:

(a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting;

(b) two-thirds of the votes cast by the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and

(c) if required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with MI 61-101.

To the knowledge of Painted Pony and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 1,638,796 Company Shares (representing approximately 1.02% of the issued and outstanding Company Shares) beneficially owned, or over which control or direction is exercised, directly or indirectly, by Mr. Ward will be excluded in determining whether "majority of the minority" approval for the purposes of MI 61-101 is obtained. See "*Procedure for the Arrangement to Become Effective – Securities Law Matters – Directors and Executive Employees of Painted Pony*".

The Arrangement Resolution must receive the Requisite Securityholder Approval in order for Painted Pony to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order. If the Arrangement Resolution is not approved by the Requisite Securityholder Approval, the Arrangement cannot be completed. See "*Procedure for the Arrangement to Become Effective – Securities Law Matters*" and "*Matters to be Considered at the Meeting*".

Pursuant to the Interim Order, the quorum required at the Meeting will be at least two Shareholders present in person or represented by proxy at the Meeting, and holding or representing at least 25% of the Company Shares entitled to be voted at the Meeting.

Unless instructed otherwise, the persons designated by management of Painted Pony in the enclosed form of proxy intend to vote FOR the approval of the Arrangement Resolution set forth in Appendix A to this Information Circular.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the Securityholders authorizes the Company Board, without further notice to or approval of the Securityholders: (a) to amend the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (b) subject to the terms of the Arrangement Agreement, to disregard the approval of the Shareholders and not proceed with the Arrangement, at any time prior to the issuance of the Certificate of Arrangement. See Appendix A to this Information Circular for the full text of the Arrangement Resolution.

Court Approval

Interim Order

On August 31, 2020, the Court granted the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The full text of the Interim Order is attached as Appendix C to this Information Circular.

Final Order

Subject to the terms of the Arrangement Agreement and obtaining the Requisite Securityholder Approval for the Arrangement Resolution at the Meeting, Painted Pony will make a virtual application to the Court for the Final Order at the Edmonton Law Courts on October 2, 2020 at 4:00 p.m. (Calgary time) or as soon thereafter as is reasonably practicable. The Notice of Originating Application for the Final Order accompanies this Information Circular. At the application for the Final Order, the Court will consider, among other things, the fairness of the Arrangement.

Any Securityholder or other interested party desiring to support or oppose the application with respect to the Arrangement, may appear virtually at the hearing in person or by counsel for that purpose, subject to filing with the Court and serving on Painted Pony on or before 4:00 p.m. (Calgary time) on September 25, 2020, a notice of intention to appear setting out their address for service and indicating whether they intend to support or oppose the application or make submissions, together with any evidence or materials which are to be presented to the Court. Service of such notice on Painted Pony is required to be effected by service upon the solicitors for Painted Pony: Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8, Attention: David Tupper.

Painted Pony has been advised by its counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Securityholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Painted Pony or CNRL may, subject to the terms of the Arrangement Agreement, determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to such Party, acting reasonably.

Regulatory Matters

The Arrangement Agreement provides that, subject to certain exceptions, receipt of all Regulatory Approvals, including the Competition Act Clearance, is a condition to the Arrangement becoming effective. See "*The Arrangement Agreement – Mutual Conditions*".

Competition Act Clearance

The Arrangement is a “notifiable transaction” for the purposes of Part IX of the Competition Act. Parties to a notifiable transaction must (a) each submit certain prescribed information (a “**pre-merger notification**”) to the Commissioner under Part IX of the Competition Act, or (b) either alternatively or in addition to submitting pre-merger notifications, file a request for an Advance Ruling Certificate pursuant to section 102 of the Competition Act or, in the alternative, a No Action Letter (indicating that the Commissioner does not, as at such date, intend to make an application under section 92 of the Competition Act in respect of the notifiable transaction) and a waiver of the obligation to file pre-merger notifications. A notifiable transaction may not be completed until the applicable statutory waiting period has expired, been terminated or waived (e.g., upon the issuance of an Advance Ruling Certificate or a No Action Letter and a waiver).

Completion of the Arrangement is subject to receipt of the Competition Act Clearance. On August 20, 2020, CNRL filed a request for an Advance Ruling Certificate or, in the alternative, a No Action Letter and a waiver of the obligation to file a pre-merger notification. The Competition Bureau is expected to complete its review of the transaction within 30 to 45 days of filing.

Stock Exchange Delisting and Ceasing to be a Reporting Issuer

Following the completion of the Arrangement, it is expected that the Company Shares will be delisted from the TSX and Painted Pony will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws to be effective as soon as reasonably practicable thereafter. Painted Pony anticipates that the Company Shares will be delisted from the TSX within three Business Days following the Effective Date.

Securities Law Matters

Painted Pony is subject to the provisions of MI 61-101, which is intended to regulate certain transactions to ensure equal treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders (excluding interested or related parties), independent valuations and, in certain circumstances, approval and oversight of the transaction by a special committee of independent directors. The minority securityholder protections of MI 61-101 apply to “business combinations” (as defined in MI 61-101) which terminate the interests of equity securityholders without their consent.

The Arrangement constitutes a “business combination” under MI 61-101 and, consequently, completion of the Arrangement is subject to obtaining “majority of the minority” approval of the Arrangement Resolution.

In determining “majority of the minority” approval for a business combination, Painted Pony is required to exclude the votes attached to Company Shares that, to the knowledge of Painted Pony or any “interested party” (as defined in MI 61-101) or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised, directly or indirectly, by: (a) Painted Pony; (b) an “interested party”; (c) a “related party” of an “interested party”, unless the “related party” meets that description solely in its capacity as a director or senior officer of one or more persons that are neither “interested parties” nor “issuer insiders” of Painted Pony; or (d) “joint actors” with any person referred to in (b) or (c) above in respect of the transaction, all as defined in MI 61-101.

Directors and Executive Employees of Painted Pony

The directors and Executive Employees of Painted Pony and their affiliated entities and joint actors may be considered to be “interested parties” and thereby excluded, for the purposes of determining

"majority of the minority" approval under MI 61-101 if they are entitled to receive, directly or indirectly, as a consequence of the Arrangement a "collateral benefit" (as defined in MI 61-101). For the purposes of MI 61-101, directors and senior officers of Painted Pony receive a "collateral benefit" if, among other things, they are entitled to receive, subject to certain exceptions, directly or indirectly, as a consequence of the Arrangement, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to past or future services as an employee, director or consultant of Painted Pony or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by Painted Pony or another party to the Arrangement.

The acceleration of the vesting of the Company Options and Company Incentive Awards may be considered a "collateral benefit". In addition, the entitlements of the Executive Employees under the Executive Employee Termination Packages may be considered a "collateral benefit". However, except with respect to Mr. Ward (for the reasons set forth below), these benefits or payments fall within an exception to the definition of "collateral benefit" for the purposes of MI 61-101, since the benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, including where the related party and his or her associated entities beneficially owns or exercises control or direction, directly or indirectly, over less than 1% of the outstanding securities of each class of equity securities at the time the transaction was agreed to or publicly announced and: (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; and (c) full particulars of the benefit are disclosed in the disclosure document for the transaction. Accordingly, with the exception of Mr. Ward, no related party will be considered to have received a "collateral benefit" for the purposes of MI 61-101.

With respect to Mr. Ward, as of the Record Date, there were 1,638,796 Company Shares which were beneficially owned, directly or indirectly, or over which control or direction is exercised by Mr. Ward, representing in the aggregate approximately 1.02% of the issued and outstanding Company Shares. Therefore, Mr. Ward will be considered to have received a "collateral benefit" for the purposes of MI 61-101 and the 1,638,796 Company Shares that are beneficially owned, directly or indirectly, or over which control or direction is exercised by Mr. Ward, will be excluded for the purposes of determining if "majority of the minority" approval of the Arrangement Agreement is obtained.

Prior Valuations

MI 61-101 also requires Painted Pony to disclose any "prior valuations" (as defined in MI 61-101) of Painted Pony or its material assets or securities made within the 24-month period preceding the date of this Information Circular. After reasonable inquiry, neither Painted Pony nor any director or senior officer of Painted Pony has any knowledge of any "prior valuation" of Painted Pony, the Company Shares or other securities or its material assets in the 24 months preceding the date of this Information Circular.

Depositary Agreement

Prior to the Effective Date, Painted Pony, CNRL and the Depositary will enter into a depositary agreement. Pursuant to the Arrangement Agreement, following receipt of the Final Order but prior to the Effective Time, CNRL is required to provide, or cause to be provided to the Depositary, sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to Painted Pony and CNRL, each acting reasonably) to satisfy the aggregate Consideration payable to Shareholders.

Procedure for Receipt of Consideration

Procedure for Exchange of Company Shares for Consideration

Shareholders (other than any Dissenting Shareholders) must duly complete and return a Letter of Transmittal, together with the original certificate(s) representing their Company Shares and all other required documents to the Depositary, at its principal office specified in the Letter of Transmittal. It is requested that Registered Shareholders enclose any DRS Advice(s) (if applicable) representing their Company Shares with the Letter of Transmittal. In the event that the Arrangement is not completed, such original certificate(s) or DRS Advice(s) will be promptly returned to Shareholders who provided such original certificate(s) or DRS Advice(s) to the Depositary.

Enclosed with this Information Circular is a Letter of Transmittal, which, when properly completed and returned, together with the original certificate(s) representing Company Shares and all other required documents, will enable each Shareholder to receive the Consideration that such Shareholder is entitled to receive under the Arrangement. Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also available under Painted Pony's SEDAR profile at www.sedar.com.

The Letter of Transmittal contains complete instructions on how to receive your Consideration.

From and after the Effective Time, the original certificate(s) or DRS Advice(s), as applicable, formerly representing Company Shares shall represent only the right to receive, in the case of certificates held by Shareholders (other than Dissenting Shareholders), a cash payment equal to the aggregate Consideration pursuant to the Plan of Arrangement, subject to such former Shareholder validly depositing with the Depositary the original certificate(s) or DRS Advice(s), as applicable, representing its Company Shares, a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, and in the case of certificates held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to the Plan of Arrangement, the fair value of the Company Shares represented by such certificates from Painted Pony as provided for in the Interim Order and the Plan of Arrangement, in each case, less any amounts deducted or withheld pursuant to the Plan of Arrangement.

As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Company Shares acquired by CNRL under the Arrangement of a duly completed Letter of Transmittal and the original certificate(s) or DRS Advice(s) representing such Company Shares and all other required documents, the Depositary shall forward by first class mail to such former Shareholder at the address specified in the Letter of Transmittal, the Consideration issued to such Shareholder under the Arrangement.

Any original certificate formerly representing Company Shares that is not deposited, together with all other documents required under the Plan of Arrangement, on or before the last Business Day prior to the third anniversary of the Effective Date and any right or claim to receive the Consideration that remains outstanding on such day shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against Painted Pony or CNRL. On such date, all consideration and other property to which such former Shareholder was entitled shall be deemed to have been surrendered and forfeited to CNRL for no consideration.

From and after the Effective Time, no Shareholder (other than CNRL) shall be entitled to receive any consideration with respect to such Company Shares other than the Consideration to which such holder

is entitled to receive under the Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

In the event any original share certificate which immediately prior to the Effective Time represented an interest in one or more Company Shares that were transferred pursuant to the Plan of Arrangement has been lost, stolen or destroyed, upon satisfying such reasonable requirements as may be imposed by CNRL and the Depositary in relation to the issuance of replacement share certificates, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed original share certificates the Consideration to which the Shareholder is entitled pursuant to the Plan of Arrangement. The Shareholder entitled to receive such Consideration shall, as a condition precedent to the receipt thereof, give a bond satisfactory to each of CNRL and the Depositary in such form as is satisfactory to CNRL and the Depositary (each acting reasonably), or shall otherwise indemnify Painted Pony, CNRL and the Depositary, to the reasonable satisfaction of such parties, against any claim that may be made against any of them with respect to the original certificate alleged to have been lost, stolen or destroyed.

The method of delivery of the original certificate(s) or DRS Advice(s) representing Company Shares is at the option and risk of the person transmitting the original certificate(s) or DRS Advice(s). Painted Pony recommends that these documents be delivered by registered mail (with proper insurance and an acknowledgment of receipt requested). Delivery of these documents will be deemed effective only when such documents are actually received by the Depositary.

If a Letter of Transmittal is signed by a person other than the registered owner(s) of the Company Shares, or if Company Shares not purchased are to be returned to a person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) as shown on the register of Painted Pony, or if the payment is to be issued in the name of a person other than the registered owner of the Company Shares, such signature must be guaranteed by an Eligible Institution (as defined in the Letter of Transmittal), or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution). If the Letter of Transmittal is executed by a person other than the registered holder(s) of the Company Shares and in certain other circumstances as set forth in the Letter of Transmittal, then the original certificate(s) representing the Company Shares must be endorsed or be accompanied by an appropriate transfer power of attorney duly and properly completed by the registered holder(s). The signature(s) on the endorsement panel or the transfer power of attorney must correspond exactly to the name(s) of the registered holder(s) as registered or as appearing on the certificate(s) must be medallion guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt), and acceptance of any Company Shares deposited to the Arrangement will be determined by CNRL, in its sole discretion. Depositing Shareholders agree that such determination shall be final and binding and there shall be no duty or obligation on Painted Pony, CNRL, the Depositary or any other person to give notice of any defect or irregularity in any deposit and no liability shall be incurred by any of them for failure to give such notice.

Under no circumstances will interest accrue or be paid by Painted Pony, CNRL or the Depositary on the Consideration to persons depositing Company Shares with the Depositary, regardless of any delay in making any payment for the Company Shares.

Notwithstanding the provisions of this Information Circular and the Letter of Transmittal, the cheques representing the consideration to be received pursuant to the Arrangement will not be mailed if CNRL and Painted Pony determine that delivery thereof by mail may be delayed. Persons entitled to cheques which are not mailed for the following reason may take delivery thereof at the office of the Depositary in which the deposited original certificate(s) or DRS Advice(s) representing Company Shares were originally deposited until such time that it is determined that the delivery by mail will no longer be delayed.

Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal, as applicable, together with the relevant original certificate(s) or DRS Advice(s) representing Company Shares, as applicable, to the Depositary as soon as possible.

None of Painted Pony, CNRL or the Depositary are liable for failure to notify Shareholders, nor do they have any obligation to notify Shareholders, who make a deficient deposit with the Depositary.

Beneficial Shareholders whose Company Shares are registered in the name of an Intermediary should contact that Intermediary for instructions and assistance in delivering those Company Shares.

Procedure for Exchange of Other Securities

On or as soon as practicable after the Effective Time, Painted Pony will pay to the former holders of Company RSUs, Company PSUs, Company DSUs and Company Options the consideration to which they are entitled in accordance with the Plan of Arrangement, less applicable withholdings. Optionholders and holders of Company Incentive Awards do not need to deliver the Letter of Transmittal or any other certificates or documentation in order to receive the applicable consideration for such Company Options, Company DSUs, Company PSUs and Company RSUs. Such consideration payable to Optionholders and holders of Company Incentive Awards will be hand-delivered by way of cheque or by way of first class mail to the address shown on the register of Optionholders, holders of Company DSUs, holders of Company PSUs or holders of Company RSUs, as applicable, or by wire transfer if wire instructions are provided to Painted Pony. Where it is determined that delivery by mail may be delayed, Painted Pony may make arrangements to hold for pick-up a cheque at its registered and corporate head office or such other location until it is determined that delivery by mail will no longer be delayed.

No Optionholder or holder of Company RSUs, Company PSUs or Company DSUs shall be entitled to receive any consideration with respect to such Company Options, Company DSUs, Company RSUs or Company PSUs, as applicable, other than the consideration to which such holder is entitled to receive under the Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

Withholdings

Painted Pony, CNRL and the Depositary shall be entitled to deduct or withhold from any amounts payable to any person under the Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 4.2 of the Plan of Arrangement), such amounts as Painted Pony, CNRL or the Depositary, as applicable, determines, acting reasonably, are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other Applicable Laws. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes of the Plan of Arrangement, as having been paid to the persons in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority.

INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT

Except as described below and elsewhere in this Information Circular, management of Painted Pony is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of Painted Pony or any individual who has held office as such since the beginning of Painted Pony's last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting, including the Arrangement.

Company Shares

As at the date hereof, the directors and executive officers of Painted Pony and their respective affiliates and associates beneficially owned or controlled or directed, directly or indirectly, an aggregate of 3,388,214 Company Shares, representing approximately 2.1% of the outstanding Company Shares. All of the Company Shares held by such directors and executive officers of Painted Pony and their associates will be treated in the same fashion under the Arrangement as Company Shares held by the other Shareholders. See the table below under "*Interests of Certain Persons in the Arrangement – Summary of Interests*" for the number of Company Shares held by each director and executive officer of Painted Pony.

Company Options and Company Incentive Awards

As at the date hereof, the directors and executive officers of Painted Pony and their respective affiliates and associates beneficially owned or controlled or directed, directly or indirectly, an aggregate of 7,961,740 Company Options, 2,306,506 Company DSUs, 1,280,279 Company PSUs and 541,638 Company RSUs.

The Arrangement will constitute a "change of control" under the terms of the Company Incentive Plans. Pursuant to the Arrangement Agreement, notwithstanding any provision of the applicable Company Incentive Plan, each of the Company Incentive Plans shall be terminated immediately prior to the Effective Time or at the time specified in the Plan of Arrangement and each Company Option and Company Incentive Award will vest and be settled in cash immediately prior to the Effective Time or at the time specified in the Plan of Arrangement. See the table below under "*Interests of Certain Persons in the Arrangement – Summary of Interests*" for the number of Company Options and Company Incentive Awards held by each director and executive officer of Painted Pony.

Severance

Painted Pony has entered into Employment Agreements with each of the Executive Employees. The Employment Agreements provide for an indefinite term of employment and the following payments upon a termination of employment without cause:

(a) all accrued and unpaid salary, vacation and reimbursable expenses owing up to the termination date;

(b) in exchange for the execution and delivery of a release

  (i) an amount equal to the severance multiplier times 1/12th the sum of:

    (A) the Executive Employee's annual salary as at the termination date;

    (B) the cash value of premiums paid for the annual benefit package in the 12 months immediately prior to termination date; and

    (C) all bonuses paid or awarded in the 12 months immediately prior to the termination date; and

  (ii) an amount equal to the severance multiplier times Painted Pony's then monthly contribution to its employee share purchase plan provided the Executive Employee is in compliance with the terms and conditions of the employee share purchase plan as at the termination date.

The severance multiplier for Mr. Ward is 24 and for each of the other Executive Employees is 12, plus 1 for each full and completed year of service with Painted Pony, up to a maximum of 18.

Pursuant to the Arrangement Agreement, not less than ten days prior to the Effective Date, Painted Pony shall terminate the employment of all Executive Employees conditional upon the consummation of the Arrangement and effective as at the Effective Time. In connection with such terminations and in accordance with the terms of the Employment Agreements, the Executive Employees shall be provided with Executive Employee Termination Packages, which shall, among other things, provide for the severance packages summarized above in exchange for the executive and delivery by the Executive Employee of a full and final release in the form attached to his or her Employment Agreement. The total estimated value of severance which would be received by the Executive Employees pursuant to the Executive Employee Termination Packages would be an aggregate of approximately $5.3 million, calculated as of August 31, 2020. The approximate total value is based on the base salaries of the Executive Employees as at August 31, 2020, the individual cash value of premiums paid for the annual benefit packages in the 12 months immediately prior to August 31, 2020, including monthly contributions by Painted Pony on behalf of the Executive Employees to the applicable employee share purchase plan, and the annual incentives paid or awarded in the 12 months immediately prior to August 31, 2020. The actual severance payments to the Executive Employees could differ as a result of, among other things, the timing of the terminating event.

Retention Payments

Painted Pony entered into retention agreements with each of Messrs. Ted Hanbury, Senior Vice President, Strategic Projects, Mike Backus, Vice President, Development and Operations and Barry McNamara, Vice President, Development and Marketing and Ms. Tonya L. Fleming, Vice President and General Counsel and Corporate Secretary, on May 6, 2020 (collectively, the "**Retention Agreements**"). Pursuant to the Retention Agreements, each such officer is entitled to a retention payment provided that he or she remains actively employed with Painted Pony on December 1, 2020, subject to the terms and conditions set forth in the Retention Agreements. In the event of a "Change of Control" (as such term is defined in the Retention Agreements), the retention payments become immediately due and payable. The closing of the Arrangement constitutes a "Change of Control" (as such term is defined in the Retention Agreements) for the purposes of such agreements. The total estimated value of retention payments that would be received by Messrs. Hanbury, Backus and McNamara and Ms. Fleming pursuant to the Retention Agreements would be an aggregate of approximately $270,000, calculated as of August 31, 2020.

Continuing Insurance Coverage and Indemnification for Directors and Officers of Painted Pony

Pursuant to the Arrangement Agreement, CNRL agreed that, for a period of six years after the Effective Time, CNRL shall, or shall cause Painted Pony or any successor of Painted Pony (including any successor resulting from the winding up or liquidation or dissolution of Painted Pony) to, maintain Painted Pony's current directors' and officers' insurance policy or Equivalent Insurance, for all present and former directors and officers of Painted Pony, covering claims made prior to or within six years after the Effective Time.

CNRL and Painted Pony have also agreed that, if the Arrangement is completed, CNRL, Painted Pony and any successor to Painted Pony shall not take any action to terminate or materially adversely affect and will fulfill its obligations pursuant to, any indemnity agreements disclosed in writing to CNRL or right to indemnity available in favour of past or present directors and officers of Painted Pony pursuant to the provisions of the articles, by-laws or similar constating documents of Painted Pony, applicable corporate legislation or written indemnity agreements disclosed in writing to CNRL between Painted Pony and its past and present directors and officers or any indemnity agreements in favour of current

directors and officers of Painted Pony that are in place as at the date of the Arrangement Agreement, and which have been disclosed in writing to CNRL.

Resignations and Releases

As set forth above under the heading "*Interests of Certain Persons in the Arrangement – Severance*", pursuant to the Arrangement Agreement, Executive Employees will be provided with Executive Employee Termination Packages, which shall, among other things, provide severance offers that are in accordance with the terms of the Executive Employee's Employment Agreement and be conditional upon the execution by the Executive Employee of a full and final release in the form attached to his or her Employment Agreement.

In connection with the Arrangement, Painted Pony has agreed to use reasonable commercial efforts to obtain resignations and mutual releases from each of Painted Pony's directors effective as of the Effective Time in form and substance satisfactory to CNRL, acting reasonably.

Independent Committee Fees

Each of Mr. Carley, Ms. Dunne and Ms. Kis are entitled to receive a monthly fee of $3,000 for the months of May, June, July and August, 2020 from Painted Pony to compensate them for their services as members of the Independent Committee.

Summary of Interests

The following table sets forth, the names and positions of the directors and Executive Employees of Painted Pony as of August 31, 2020, the number of Company Shares and Company Incentive Awards owned or over which control or direction was exercised by each such director or Executive Employee of Painted Pony and, where known after reasonable inquiry, by their respective associates or affiliates as of such date and the consideration to be received for such Company Shares or Company Incentive Awards pursuant to the Arrangement.

Name and Position with Painted Pony	Company Shares	Estimated Payment for Company Shares	"In-the-Money" Company Options(1)	Company DSUs(2)(3)	Company RSUs(2)	Company PSUs(2)	Estimated Payment for Outstanding Company Options and Company Incentive Awards (as applicable)	Total Estimated Payment for Company Shares, Company Options and Company Incentive Awards(4)
Glenn R. Carley (Director)	86,000	$59,340.00	-	188,441	-	-	$130,024.29	$189,364.29
Kevin D. Angus (Director)	104,000	$71,760.00	-	167,515	-	-	$115,585.35	$187,345.35
Joan E. Dunne (Director)	24,000	$16,560.00	-	243,868	-	-	$168,268.92	$184,828.92
Nereus L. Joubert (Director)	15,000	$10,350.00	-	223,985	-	-	$154,549.65	$164,899.65
Lynn Kis (Director)	19,312	$13,325.28	-	155,630	-	-	$107,384.70	$120,709.98
Elizabeth G. Spomer (Director)	-	-	-	129,159	-	-	$89,119.71	$89,119.71
George W. Voneiff (5) (Director)	351,610	$242,610.90	-	221,335	-	-	$152,721.15	$395,332.05
Patrick R. Ward (Director, President & Chief Executive Officer)	1,638,796	$1,130,769.24	$50,516.78	505,193	162,320	409,224	$728,462.71	$1,859,231.95
Stuart W. Jaggard (Chief Financial Officer)	250,936	$173,145.84	$25,465.43	151,346	74,397	192,811	$283,158.65	$456,304.49
Barry McNamara (Vice President, Development & Marketing)	302,221	$208,532.49	$25,465.43	-	74,397	179,811	$173,019.01	$381,551.50
Tonya L. Fleming (Vice President, General Counsel & Corporate Secretary)	265,756	$183,371.64	$25,465.43	-	74,397	179,811	$173,019.01	$356,390.65
Mike Backus (Vice President, Development & Operations)	94,135	$64,953.15	$32,465.43	-	81,730	129,811	$163,113.78	$228,066.93
Edwin Hanbury (Senior Vice President, Strategic Projects)	236,448	$163,149.12	-	320,034	74,397	188,811	$372,330.75	$535,479.87

Notes:

(1) Value of Company Options has been determined based on the closing price of the Company Shares on August 28, 2020 of $0.69. The actual value of any Company Option surrendered will be determined in accordance with the Plan of Arrangement. Pursuant to the Plan of Arrangement, the cash payments in settlement of surrendered Company Options will be in the case of each Company Option outstanding at the Effective Time: (a) that is less than the Consideration, an amount equal to the In-the-Money Amount; and (b) equal to or greater than the Consideration, an amount equal to $0.01.

(2) Value of Company DSUs and Company RSUs has been determined by multiplying the aggregate number of Company DSUs and Company RSUs by the Consideration. Value of Company PSUs has been determined by multiplying the aggregate number of Company Shares covered by such Company PSU assuming 100% performance vesting.
(3) The Company Board has determined to issue future scheduled Company DSU grants to the Painted Pony directors (which form part of their remuneration for service as directors) on a monthly basis, as opposed to a quarterly basis, beginning on October 1, 2020. Assuming a 20-day volume weighted average trading price of $0.69 per Company Share, an aggregate of 49,303 Company DSUs will be issued to the directors on October 1, 2020.
(4) Before applicable withholdings.
(5) Mr. Voneiff is a director nominated by the EnCap Funds. As at August 31, 2020, the EnCap Funds held an aggregate of 19,927,302 Company Shares representing approximately 12.4% of the issued and outstanding Company Shares at that date. The holdings of the EnCap Funds have not been included in the aggregate holdings of the directors and officers as Mr. Voneiff does not alone exercise control or direction over those Company Shares.

DISSENT RIGHTS

The following description of the right to dissent to which Registered Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Company Shares and is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix B to this Information Circular, as well as to the text of the Interim Order and the text of section 191 of the ABCA, which are attached to this Information Circular as Appendix C and Appendix E, respectively. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the ABCA, as modified by the Plan of Arrangement and the Interim Order. Failure to adhere to the procedures established therein may result in the loss of Dissent Rights. Accordingly, each Dissenting Shareholder who might desire to exercise Dissent Rights should consult his, her or its own legal advisor.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described in this Information Circular based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by Painted Pony the fair value of the Company Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Securityholders at the Meeting and provided the Arrangement is completed. **A Dissenting Shareholder may dissent only with respect to all of the Company Shares held by such Dissenting Shareholder, or on behalf of any one beneficial owner, and registered in the Dissenting Shareholder's name. Only Registered Shareholders are entitled to dissent. Beneficial Shareholders who wish to dissent should be aware that they may only do so through the registered holder of such Company Shares. An Intermediary (including CDS), who holds Company Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Company Shares held for such Beneficial Shareholders. In such case, the written objection to the Arrangement Resolution should set forth the number of Company Shares covered by it.**

Dissenting Shareholders must provide a written objection to the Arrangement Resolution so that it is received by Painted Pony c/o Blake, Cassels & Graydon LLP, Suite 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8, Attention: David Tupper, not later than 4:00 p.m. (Calgary time) on September 24, 2020 (or the date that is five Business Days immediately prior to the date of any adjournment or postponement of the Meeting). **No person who has voted (including by way of instructing a proxy holder to vote) in favour of the Arrangement shall be entitled to exercise**

Dissent Rights. Voting against the Arrangement (including by way of instructing a proxy holder to vote) will not constitute a written objection referred to in subsection 191(5) of the ABCA.

Either Painted Pony (which for purposes hereof shall include any successor to Painted Pony) or a Dissenting Shareholder, as the case may be, may apply to the Court, after the approval of the Arrangement Resolution, to fix the fair value of such Dissenting Shareholder's Company Shares. If such an application is made to the Court by either Painted Pony or a Dissenting Shareholder, Painted Pony must, unless the Court orders otherwise, send to each Dissenting Shareholder a written offer to pay such Dissenting Shareholder an amount considered by the Company Board to be the fair value of the Company Shares held by such Dissenting Shareholder. The offer, unless the Court orders otherwise, must be sent to each Dissenting Shareholder at least ten days before the date on which the application is returnable, if Painted Pony is the applicant, or within ten days after Painted Pony is served a copy of the application, if a Dissenting Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Shareholder and contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Painted Pony for the purchase of such holder's Company Shares in the amount of the offer made by Painted Pony, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Company Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Company Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Painted Pony and in favour of each of those Dissenting Shareholders, and fixing the time within which Painted Pony must pay the amount payable to each Dissenting Shareholder calculated from the date on which such Dissenting Shareholder ceases to have any rights as a Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Painted Pony and the Dissenting Shareholder as to the payment to be made by Painted Pony to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a holder of Company Shares and shall only be entitled to be paid by Painted Pony the fair value of such holder's Company Shares net of all withholding or other taxes required to be withheld by Painted Pony or CNRL in accordance with Applicable Laws, to the extent applicable. Until one of these events occurs, the Dissenting Shareholder may withdraw his, her or its dissent, or if the Arrangement has not yet become effective, Painted Pony may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Painted Pony shall not make a payment to a Dissenting Shareholder under section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order, if there are reasonable grounds for believing that it is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such event, Painted Pony shall notify each Dissenting Shareholder that it is unable lawfully to pay such Dissenting Shareholder for his or her Company Shares, in which case the Dissenting Shareholder may, by written notice to Painted Pony within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement as a Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Painted Pony to be paid as soon as Painted Pony is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Painted Pony but in priority to Shareholders.

All Company Shares held by Dissenting Shareholders who exercise their Dissent Rights will, if the holders thereof do not otherwise withdraw such written objections, be deemed to be transferred to Painted Pony under the Arrangement and cancelled in exchange for the fair value thereof, which fair value shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Securityholders at the Meeting or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holders had participated in the Arrangement on the same basis as a non-dissenting holder of Company Shares, and such Company Shares will be deemed to be exchange for the Consideration on the same basis as all other Shareholders pursuant to the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Company Shares. Section 191 of the ABCA, other than as amended by the Arrangement and the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Dissenting Shareholders who might desire to exercise the Dissent Rights should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix E to this Information Circular, as modified by the terms of the Interim Order, and consult their own legal advisor.**

The Arrangement Agreement provides that, unless otherwise waived by CNRL, it is a condition to the completion of the Arrangement that holders of not greater than 5% of the outstanding Company Shares shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax consequences under the Tax Act generally applicable to a beneficial owner of Company Shares who: (a) deals at arm's length and is not affiliated with Painted Pony or CNRL, in each case for purposes of the Tax Act; (b) holds the Company Shares as capital property; and (c) disposes of the Company Shares under the Arrangement (a "**Holder**").

Generally, the Company Shares will be capital property to a Holder provided the Holder does not hold the Company Shares in the course of carrying on a business of buying and selling securities or as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Company Shares as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Company Shares and all other "Canadian securities", as defined in the Tax Act, owned by the Holder in the taxation year in which the election is made and in all subsequent taxation years treated as capital property. Holders who do not hold the Company Shares as capital property should consult their own tax advisors with respect to their own particular circumstances.

This summary does not address the tax consequences of the Arrangement to the Optionholders or holders of Company Incentive Awards. **Such holders should consult their own tax advisors in this regard**.

This summary is not applicable to a Holder: (a) that is a "financial institution" for purposes of certain rules applicable to "mark-to-market property"; (b) an interest in which is a "tax shelter" or a "tax shelter investment"; (c) that has made a "functional currency" reporting election under section 261 of the Tax Act; (d) that is a "specified financial institution"; or (e) that has entered or will enter into a "derivative forward agreement" in respect of the Company Shares, each as defined in the Tax Act. Such Holders should consult their own tax advisors with respect to their own particular circumstances.

This summary is based on the current provisions of the Tax Act, applicable jurisprudence, the current published administrative policies and assessing practices of the Canada Revenue Agency and all specific proposals to amend the Tax Act which have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"). This summary assumes that all Proposed Amendments will be enacted in their present form, but no assurances can be given that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the foregoing, this summary does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or consequences, which may differ from the Canadian federal income tax consequences described herein.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax consequences and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary does not take into account other federal or any provincial, territorial or foreign income tax legislation or consequences, which may differ materially from those described in this summary. The tax liability of each Holder will depend on the Holder's particular circumstances. Accordingly, Holders should consult their own tax advisors as to the particular tax consequences to them of the Arrangement.

Holders Resident in Canada

The following is a summary of the principal Canadian federal income tax consequences generally applicable under the Tax Act to a Holder who, at all relevant times for purposes of the Tax Act, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Disposition of Company Shares

Generally, a Resident Holder (other than a Dissenting Shareholder) who disposes of Company Shares under the Arrangement will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition to the Resident Holder of the Company Shares exceed (or are less than) the total of the adjusted cost base to the Resident Holder of the Company Shares immediately before the disposition and any reasonable costs of disposition.

Taxation of Capital Gains and Capital Losses

A Resident Holder will generally be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in that taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the Resident Holder in a taxation year from taxable capital gains realized by the Resident Holder in that taxation year. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in any such taxation year, subject to and in accordance with the provisions of the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Company Share may be reduced by the amount of any dividends received (or deemed to be received) by it on such Company Share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where the Company Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own tax advisors in this regard.

A Resident Holder that is, throughout its taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of taxable capital gains and interest.

Capital gains realized by individuals or a trust (other than certain trusts) may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own advisors with respect to the potential application of alternative minimum tax.

Dissenting Resident Holders

A Resident Holder who has validly exercised its Dissent Right (a "**Dissenting Resident Holder**") will be deemed under the Arrangement to have transferred its Company Shares to Painted Pony and will be entitled to be paid the fair value of such Company Shares. The Dissenting Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received for the Company Shares (less an amount in respect of interest, if any, awarded by the Court) exceeds the paid-up capital of such shares (as determined under the Tax Act).

Where a Dissenting Resident Holder is an individual, any deemed dividend will be included in computing such Dissenting Resident Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from a "taxable Canadian corporation" (as defined in the Tax Act). In the case of a Dissenting Resident Holder that is a corporation, any deemed dividend will be included in income and generally will be deductible in computing taxable income. However, in some circumstances, the amount of any such deemed dividend realized by a corporation may be treated as proceeds of disposition and not as a dividend under subsection 55(2) of the Tax Act. Dissenting Resident Holders that are corporations should consult their own tax advisors in this regard.

"Private corporations" and "subject corporations" (as defined in the Tax Act) may be liable for additional refundable Part IV tax on any dividends received or deemed to be received on the Company Shares to the extent such dividends are deductible in computing the Dissenting Resident Holder's taxable income for the taxation year.

A Dissenting Resident Holder will also be considered to have disposed of the Company Shares for proceeds equal to the amount paid to such Dissenting Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. Dissenting Resident Holders may realize a capital gain (or capital loss) to the extent that such proceeds exceed (or are less than) the total of the adjusted cost base to the Dissenting Resident Holder of the Company Shares immediately before the disposition and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed above under the heading "Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses".

Any interest awarded by the Court to a Dissenting Resident Holder will be included in such Dissenting Resident Holder's income in accordance with the Tax Act.

A Dissenting Resident Holder that is, throughout its taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of taxable capital gains and interest.

Holders Not Resident in Canada

The following is a summary of the principal Canadian federal income tax consequences generally applicable under the Tax Act to a Holder who, at all relevant times for purposes of the Tax Act: (a) is

not, and is not deemed to be, resident in Canada; and (b) does not use or hold, and is not deemed to use or hold, the Company Shares in a business carried on, or deemed to be carried on, in Canada (a "**Non-Resident Holder**"). This summary does not apply to Non-Resident Holders that carry on an insurance business in Canada or elsewhere and any such Non-Resident Holders should consult their own tax advisors.

Disposition by Non-Resident Holders

A Non-Resident Holder (other than a Dissenting Shareholder) will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of the Company Shares pursuant to the Arrangement unless the Company Shares constitute, or are deemed to constitute, "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of the disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. Such Company Shares will be considered taxable Canadian property if, at any time during the 60-month period immediately preceding the disposition: (a) 25 per cent or more of the issued shares of any class of the capital stock of Painted Pony were owned by any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships; and (b) the Company Shares derived (directly or indirectly) more than 50 per cent of their fair market value from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" or options in respect of, or interests in or rights in respect of, any such property (whether or not such property exists), all for purposes of the Tax Act.

If the Company Shares are considered taxable Canadian property to the Non-Resident Holder, a disposition or deemed disposition of such shares generally gives rise to a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition to the Non-Resident Holder of the Company Shares exceed (or are less than) the total of the adjusted cost base to the Non-Resident Holder of the Company Shares immediately before the disposition and any reasonable costs of disposition. The taxation of capital gains and capital losses for a Non-Resident Holder is generally as discussed above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Disposition by Non-Resident Holders*".

An applicable income tax treaty or convention may apply to exempt a Non-Resident Holder from tax under the Tax Act in respect of a disposition of Company Shares notwithstanding that such Company Shares may constitute taxable Canadian property.

Non-Resident Holders whose Company Shares may be taxable Canadian property should consult their own tax advisors in this regard.

Dissenting Non-Resident Holders

A Non-Resident Holder who has validly exercised its Dissent Right (a "**Dissenting Non-Resident Holder**") will be deemed under the Arrangement to have transferred its Company Shares to Painted Pony and will be entitled to be paid the fair value of such shares.

The Dissenting Non-Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received for the Company Shares (less an amount in respect of interest, if any, awarded by the Court) exceeds the paid-up capital of such shares (as determined under the Tax Act).

The amount of the dividend will be subject to Canadian withholding tax at the rate of 25 per cent of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income

tax treaty or convention between Canada and the Dissenting Non-Resident Holder's country of residence.

A Dissenting Non-Resident Holder will also be considered to have disposed of the Company Shares for proceeds equal to the amount paid to such Dissenting Non-Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. A Dissenting Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of the Company Shares pursuant to the Arrangement unless the Company Shares constitute, or are deemed to constitute, taxable Canadian property to the Dissenting Non-Resident Holder at the time of the disposition and the Dissenting Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. The taxation of capital gains and capital losses for a Dissenting Non-Resident Holder is generally as discussed above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Disposition by Non-Resident Holders*".

Any interest awarded by the Court to a Dissenting Non-Resident Holder will not be subject to Canadian tax (including Canadian withholding tax) unless such interest constitutes "participating debt interest" for purposes of the Tax Act. Dissenting Non-Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

TIMING

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions to the Arrangement are satisfied or waived, Painted Pony will apply to the Court for the Final Order approving the Arrangement on October 2, 2020. If the Final Order is obtained on October 2, 2020, in form and substance satisfactory to Painted Pony and CNRL, acting reasonably, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Painted Pony expects the Effective Date to be on or about October 6, 2020.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other material as may be required by the Registrar.

The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or delays in receiving all Regulatory Approvals (including the Competition Act Clearance).

RISK FACTORS

The Arrangement involves various risks. Securityholders should carefully consider the following risk factors in evaluating whether to approve the Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive. These risk factors should be considered in conjunction with the other information included in this Information Circular, including the documents filed by Painted Pony pursuant to Applicable Laws from time to time. Additional risks and uncertainties may also adversely affect Painted Pony after giving effect to the Arrangement.

Risks Relating to the Arrangement

The completion of, and anticipated benefits from, the Arrangement may be adversely affected by the recent COVID-19 pandemic

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a "pandemic". The outbreak of COVID-19 has resulted in a widespread health crisis with adverse

impacts to worldwide economies and financial markets, the full effects of which are not yet known. The extent to which COVID-19 may impact Painted Pony and the Arrangement are unknown, and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extensive period of time and restrict or delay the ability to satisfy conditions to the Arrangement, the ability to complete the proposed Arrangement, in a timely manner, may be affected.

The completion of the Arrangement is subject to the approval of the Court. Court operations continue to be affected by the COVID-19 pandemic. If the Court's operations are impacted such that the hearing for the Final Order cannot proceed as scheduled, Painted Pony intends to apply to the Court to have the application for the Final Order heard on an urgent basis. However, the Court has discretion to decline to hear such matter, in which case the application for the Final Order would be delayed until the Courts re-open. Should such delay caused by the closure of the Courts cause delay in the issuance of the Final Order such that the Arrangement could not be completed by the Outside Date, such delay could result in the termination of the Arrangement Agreement (if the Outside Date is not mutually extended by Painted Pony and CNRL).

Failure to satisfy conditions to the completion of the Arrangement Resolution

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Painted Pony, including obtaining the Requisite Securityholder Approval and the Competition Act Clearance, the granting of the Final Order and the satisfaction of other customary closing conditions. There can be no certainty, nor can Painted Pony provide any assurance, that these conditions will be satisfied or waived nor can there be any certainty as to the timing of their satisfaction or waiver. See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*" and "*Procedure for the Arrangement to Become Effective – Regulatory Matters*".

A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals to be obtained could delay the Effective Date and may adversely affect the business, financial condition or results of Painted Pony. There can be no certainty, nor can Painted Pony provide any assurance, that these conditions will be satisfied or waived nor can there be any certainty as to the timing of their satisfaction or waiver. If such conditions are not satisfied or waived and the Arrangement is not completed, or is materially delayed, the market price of the Company Shares may be adversely affected.

The Arrangement Agreement may be terminated in certain circumstances

Each of Painted Pony and CNRL have the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can Painted Pony provide any assurance, that the Arrangement Agreement will not be terminated by either Painted Pony or CNRL before the completion of the Arrangement. For instance, CNRL has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that constitute a Material Adverse Change with respect to Painted Pony. There is no assurance that a Material Adverse Change with respect to Painted Pony will not occur before the Effective Date, in which case CNRL could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

If the Arrangement Agreement is terminated, Painted Pony will still have incurred costs for pursuing the Arrangement, including costs related to the diversion of management's attention away from the conduct of Painted Pony's business.

Painted Pony may be required to pay the Termination Fee

If the Arrangement is not completed, Painted Pony may be required, in certain circumstances, to pay the Termination Fee to CNRL.

The Termination Fee may discourage other parties from making an Acquisition Proposal

Under the Arrangement Agreement, Painted Pony is required to pay the Termination Fee in the event that the Arrangement Agreement is terminated in circumstances related to a possible alternative transaction to the Arrangement. The Termination Fee may discourage other parties from making an Acquisition Proposal, even if such a transaction could provide better value to Securityholders than the Arrangement.

Failure to complete the Arrangement could negatively impact the price of the Company Shares and future business and operations of Painted Pony

There are a number of material risks relating to the Arrangement not being completed, including but not limited to the following:

- the price of the Company Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed;
- Shareholders will not receive the Consideration payable under the Arrangement;
- certain costs related to the Arrangement, such as legal, accounting and the expenses and certain of the fees of the Financial Advisors, will be payable by Painted Pony even if the Arrangement is not completed;
- if the Arrangement is not completed, Painted Pony may be required, in certain circumstances, to pay the Termination Fee to CNRL; and
- Painted Pony will continue to be subject to various risks related to its ongoing business (see "*Risk Factors – Risks Relating to Painted Pony*" below).

While the Arrangement is pending, Painted Pony is restricted from taking certain actions

The Arrangement Agreement restricts Painted Pony from taking specified actions until the Arrangement is completed, without the consent of CNRL. These restrictions may prevent Painted Pony from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement.

Shareholders will not participate in any future growth in Painted Pony's business

Upon completion of the Arrangement, Shareholders will receive the Consideration of $0.69, in cash, per Company Share. Painted Pony will become a wholly owned subsidiary of CNRL and the Shareholders will have no ongoing interest in Painted Pony or in CNRL. The Shareholders will not receive the benefit of any potential future growth in the value of Painted Pony's business.

The Arrangement may not be completed if holders of a number of Company Shares exercise Dissent Rights

Shareholders have the right to exercise Dissent Rights and demand payment of the fair value of their Company Shares, in cash in connection with the Arrangement in accordance with the ABCA, as

modified by the Plan of Arrangement and the Interim Order. The exercise of Dissent Rights requires satisfaction of certain specific conditions, and the determination of the amount payable is subject to a Court-supervised valuation process. There is no certainty as to whether a Dissenting Shareholder will be entitled to receive an amount that is greater than, or less than, the Consideration contemplated by the Arrangement. If there are a significant number of Dissenting Shareholders, a substantial cash payment may be required to be made to such Shareholders. For this reason, it is a condition to the completion of the Arrangement that holders of less than 5% of the outstanding Company Shares have exercised Dissent Rights in respect of the Arrangement. While this condition may be waived by CNRL in its sole discretion, CNRL may determine not to proceed with the Arrangement if the threshold is exceeded. If this occurs, the Arrangement will not be completed. See "*Dissent Rights*".

The Arrangement is generally a taxable transaction

The Arrangement will be a taxable transaction and, as a result, Shareholders will generally be required to pay taxes on any gains that result from their receipt of Consideration pursuant to the Arrangement. See "*Certain Canadian Federal Income Tax Considerations*".

Risks Relating to Painted Pony

If the Arrangement is not completed, Painted Pony is facing a going concern risk

Painted Pony's ability to continue as a going concern is dependent upon its ability to maintain its Credit Facilities at or above amounts currently drawn and its ability to renew such Credit Facilities prior to their maturity date. There can be no assurances that such Credit Facilities will be renewed, or that additional sources of funding will be available to Painted Pony. If the Arrangement is not completed, and in the absence of an alternative transaction, these matters give rise to material uncertainty regarding Painted Pony's ability to continue as a going concern.

In addition, if the Arrangement is not completed, Painted Pony will continue to face, and Securityholders will be exposed to, the risks that Painted Pony currently faces with respect to its business, affairs, operations and future prospects. A description of the risk factors applicable to Painted Pony is contained under the heading "*Risk Factors*" in the Painted Pony AIF.

LEGAL MATTERS

Certain legal matters relating to the Arrangement are to be passed upon by Blake, Cassels & Graydon LLP on behalf of Painted Pony. As at the date hereof, the partners and associates of Blake, Cassels & Graydon LLP beneficially own, directly or indirectly, less than 1% of the outstanding Company Shares.

INFORMATION CONCERNING PAINTED PONY

General

Painted Pony is the successor, by continuance and reorganization under the ABCA, to 1300873 Alberta Ltd., which was incorporated as 1369127 Ontario Inc. on August 12, 1999 in the Province of Ontario pursuant to the provisions of the *Business Corporations Act* (Ontario). Painted Pony has no subsidiaries of the date of this Information Circular. Painted Pony is a natural gas company based in Western Canada. Painted Pony is focused on the production and sale of natural gas and NGLs from the Montney formation in northeast British Columbia.

Painted Pony's registered and corporate head office is located at Suite 1200, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3.

Painted Pony is a reporting issuer under the Applicable Canadian Securities Laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Market Price and Trading Volume Data

The Company Shares are listed and posted for trading on the TSX under the symbol "PONY". The following table sets out the price ranges and volumes of the Company Shares that were traded in the six-month period preceding the date of the Arrangement Agreement.

	Price Range ($)		Monthly
Month	**High**	**Low**	**Trading Volume**
February	$0.66	$0.41	3,776,346
March	$0.54	$0.195	12,494,254
April	$0.66	$0.225	22,529,212
May	$0.82	$0.44	12,459,619
June	$0.62	$0.415	5,574,024
July	$0.54	$0.44	3,157,584
August (1 – 28)	$0.69	$0.52	21,995,740

On August 7, 2020, the last trading day on which the Company Shares traded prior to the announcement of the Arrangement, the closing price of the Company Shares on the TSX was $0.59. On August 28, 2020, the last trading day on which the Company Shares traded prior to the date of this Information Circular, the closing price of the Company Shares on the TSX was $0.69.

Following the completion of the Arrangement, it is expected that the Company Shares will be delisted from the TSX and Painted Pony will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws as soon as reasonably practicable thereafter. Painted Pony anticipates that the Company Shares will be delisted from the TSX within three Business Days following the Effective Date.

Previous Purchases and Sales

During the twelve-month period preceding the date of the Arrangement Agreement, Painted Pony has not issued any Company Shares, or any securities convertible into Company Shares, other than as follows:

Date	Securities	Price Per Security	Number of Securities
September 3, 2019	Company Options	$0.6725[(1)]	400,000
January 2, 2020	Company Options	$0.7684[(1)]	209,280
February 11, 2020	Company Options	$0.6171[(1)]	2,256,522

Notes:
(1) Represents the exercise price of Company Options.

Dividends

During the five-year period preceding the date of the Arrangement Agreement, Painted Pony has not paid any dividends on its Company Shares. Painted Pony does not anticipate paying any dividends in the immediate or foreseeable future.

INFORMATION CONCERNING CNRL

The information concerning CNRL contained in this Information Circular, including but not limited to the information under this heading, has been provided by CNRL. Although Painted Pony has no knowledge that would indicate that any of such information is untrue or incomplete, Painted Pony does not assume any responsibility for the accuracy or completeness of such information or the failure by CNRL to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Painted Pony.

General

CNRL is a corporation amalgamated pursuant to the ABCA and is a publicly traded Canadian based senior independent energy company engaged in the acquisition, exploration, development, production, marketing and sale of crude oil, natural gas and NGLs. CNRL's principal core regions of operations are western Canada, the UK sector of the North Sea and Offshore Africa. CNRL initiates, operates and maintains a large working interest in a majority of the prospects in which it participates.

CNRL's common shares are listed and posted for trading on the TSX and the NYSE under the symbol CNQ. The head, principal and registered office of CNRL is located in Calgary, Alberta, Canada at 2100, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8.

Additional information relating to CNRL can be found on the SEDAR website at www.sedar.com and on EDGAR at www.sec.gov.

Commitments to Acquire Company Shares

Other than the Arrangement Agreement, neither CNRL, nor any director or senior officer of CNRL, nor, to the knowledge of the directors and senior officers of CNRL, after reasonable inquiry, (a) any associate or affiliate of an insider of CNRL, (b) any insider of CNRL (other than a director or senior officer of CNRL); or (c) any person or company acting jointly or in concert with CNRL, has any agreement, commitment or understanding to acquire securities of Painted Pony.

Arrangements, Agreements, Commitments and Understandings Involving CNRL

Except as disclosed in this Information Circular, there are no agreements, commitments or understandings made or proposed to be made between CNRL and any of the directors or senior officers of Painted Pony and no payments or other benefits are proposed to be made or given by CNRL by way of compensation for loss of office or as to such directors or senior officers remaining in or retiring from office if the Arrangement is completed.

Except the Voting Support Agreements, there are no agreements, commitments or understandings made or proposed to be made between CNRL and any Securityholder relating to the Arrangement.

MATTERS TO BE CONSIDERED AT THE MEETING

Arrangement Resolution

At the Meeting, Securityholders will be asked to consider and vote upon the Arrangement Resolution in the form set forth in Appendix A to this Information Circular. Securityholders are urged to review this Information Circular carefully and in its entirety when considering the Arrangement Resolution. See "*The Arrangement*".

The Arrangement Resolution must be approved by the Securityholders at the Meeting by the Requisite Securityholder Approval. See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*" and "*Procedure for the Arrangement to Become Effective – Securities Law Matters*".

Unless instructed otherwise, the persons designated by management of Painted Pony in the enclosed form of proxy intend to vote FOR the approval of the Arrangement Resolution. The Company Board unanimously recommends that Securityholders vote FOR the Arrangement Resolution.

Other Matters to be Considered at the Meeting

At the time of printing this Information Circular, Painted Pony knows of no other matter expected to come before the Meeting, other than the vote on the Arrangement Resolution.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Information Circular, no current or former director, executive officer or employee of Painted Pony, or at any time since the beginning of the most recently completed financial year has been, indebted: (a) to Painted Pony; or (b) to another entity, where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Painted Pony.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular, no director or executive officer of Painted Pony or a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of voting securities of Painted Pony, or any associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction since the commencement of Painted Pony's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Painted Pony.

AUDITORS OF PAINTED PONY

The auditors of Painted Pony are KPMG LLP, at 2700, 205 – 5th Avenue S.W. Calgary, Alberta T2P 4B9.

ADDITIONAL INFORMATION

Additional information relating to Painted Pony is available on Painted Pony's profile on SEDAR at www.sedar.com and on Painted Pony's website at www.paintedpony.ca.

Financial information concerning Painted Pony is contained in Painted Pony's audited annual financial statements as at and for the year ended December 31, 2019 and the accompanying Painted Pony Annual MD&A. Copies of Painted Pony's annual financial statements and the accompanying Painted Pony Annual MD&A, as well as the most recent condensed interim financial statements and accompanying management's discussion and analysis, may be obtained by contacting Painted Pony's Chief Financial Officer at Suite 1200, 520 – 3rd Ave SW, Calgary, Alberta, T2P 0R3 or by telephone at (403) 475-0440.

APPROVAL AND CERTIFICATION

The content and delivery of this Information Circular has been approved by the directors of Painted Pony.

DATED this 31st day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF PAINTED PONY ENERGY LTD.

(signed) *"Glenn R. Carley"*

Glenn R. Carley
Chair of the Board

CONSENT OF TD

To: The Board of Directors (the "**Board**") of Painted Pony Energy Ltd. ("**Painted Pony**")

We refer to the information circular (the "**Information Circular**") of Painted Pony dated August 31, 2020 relating to the special meeting of securityholders of Painted Pony to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, Painted Pony and Canadian Natural Resources Limited.

We consent to the inclusion in the Information Circular of our fairness opinion to the Board and the independent committee of the Board dated August 9, 2020 as Appendix D and a summary thereof in the Information Circular. Our fairness opinion was given as of August 9, 2020 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Board and the independent committee of the Board shall be entitled to rely upon our opinion.

DATED this 31st day of August, 2020.

(signed) *"TD Securities Inc."*

APPENDIX A – ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Painted Pony Energy Ltd. ("**Company**"), as more particularly described and set forth in the management information circular of Company accompanying the notice of this meeting, as the Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") involving, among others, Company, the full text of which is set out as Schedule "A" to the Arrangement Agreement made as of August 10, 2020 between Canadian Natural Resources Limited ("**Purchaser**") and Company (the "**Arrangement Agreement**"), as the Plan of Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of Company in approving the Arrangement Agreement and the actions of the directors and officers of Company in executing and delivering the Arrangement Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the applicable securityholders of Company (the "**Securityholders**") or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Securityholders: (a) to amend the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and (b) subject to the terms of the Arrangement Agreement, to disregard the approval of the Securityholders and not proceed with the Arrangement, at any time prior to the issuance of the Certificate (as defined in the Plan of Arrangement).

5. Any one director or officer of Company is hereby authorized and directed, for and on behalf of Company, to execute, under the corporate seal of Company or otherwise, and to deliver to the Registrar under the ABCA for filing articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement.

6. Any one director or officer of Company is hereby authorized and directed, for and on behalf of Company, to execute, or cause to be executed, under the corporate seal of Company or otherwise, and to deliver, or cause to be delivered, all such other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things as in such director's or officer's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX B – ARRANGEMENT AGREEMENT

(*See attached*)

ARRANGEMENT AGREEMENT

BETWEEN

CANADIAN NATURAL RESOURCES LIMITED

- AND -

PAINTED PONY ENERGY LTD.

August 10, 2020

Table of Contents

Page

ARTICLE 1
INTERPRETATION

1.1 Definitions B-5
1.2 Interpretation Not Affected by Headings, etc. B-18
1.3 Article References B-18
1.4 Number and Gender B-18
1.5 Date for Any Action B-18
1.6 Time References B-18
1.7 Entire Agreement B-19
1.8 Statute and Agreement References B-19
1.9 Schedules B-19
1.10 Currency B-19
1.11 Accounting Matters B-19
1.12 Interpretation Not Affected by Party Drafting B-19
1.13 Knowledge B-19

ARTICLE 2
THE ARRANGEMENT

2.1 Plan of Arrangement B-20
2.2 Recommendation of the Company Board B-22
2.3 Interim Order B-22
2.4 Information Circular B-24
2.5 Preparation of Filings B-25
2.6 Employee Obligations and Employment-Related Covenants B-25
2.7 Treatment of Company Options and Company Incentive Awards B-26
2.8 Effective Date B-27
2.9 Dissenting Shareholders B-28
2.10 Payment of Consideration B-28
2.11 Company Withholdings B-28
2.12 Company Voting Support Agreements B-28

ARTICLE 3
COVENANTS

3.1 Covenants of Purchaser B-28
3.2 Additional Covenants of Purchaser B-31
3.3 Covenants of Company B-31
3.4 Mutual Covenants Regarding the Arrangement B-40
3.5 Regulatory Approvals (Including Competition Act Clearance) B-41
3.6 Provision of Information and Integration of Operations B-42
3.7 Pre-Arrangement Reorganization B-42

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Purchaser B-44
4.2 Representations and Warranties of Company B-44
4.3 Privacy Issues B-44

Table of Contents (continued)

Page

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent .B-46
5.2 Additional Conditions to Obligations of Purchaser .B-47
5.3 Additional Conditions to Obligations of Company .B-48
5.4 Notice and Effect of Failure to Comply with Conditions .B-49
5.5 Satisfaction of Conditions .B-50

ARTICLE 6
NON-SOLICITATION AND AGREEMENT AS TO DAMAGES

6.1 Covenants Regarding Non-Solicitation .B-50
6.2 Purchaser Damages .B-54
6.3 Purchaser Liquidated Damages .B-55

ARTICLE 7
AMENDMENT

7.1 Amendment .B-56
7.2 Amendment of Plan of Arrangement .B-56

ARTICLE 8
TERMINATION

8.1 Termination .B-56

ARTICLE 9
NOTICES

9.1 Notices .B-57

ARTICLE 10
GENERAL

10.1 Non-Survival of Representations and Warranties .B-58
10.2 Binding Effect .B-58
10.3 Assignment .B-58
10.4 Public Communications .B-59
10.5 Costs .B-59
10.6 Severability .B-59
10.7 Further Assurances .B-59
10.8 Specific Performance .B-59
10.9 Time of Essence .B-59
10.10 Applicable Laws and Enforcement .B-60
10.11 Waiver .B-60
10.12 Third Party Beneficiaries .B-60
10.13 Counterparts .B-61

SCHEDULE “A” – Plan of Arrangement
SCHEDULE “B” – Form of Arrangement Resolution
SCHEDULE “C” – Representations and Warranties of Purchaser
SCHEDULE “D” – Representations and Warranties of Company

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated effective as of August 10, 2020.

BETWEEN:

CANADIAN NATURAL RESOURCES LIMITED, a corporation existing under the laws of the Province of Alberta ("**Purchaser**")

AND

PAINTED PONY ENERGY LTD., a corporation existing under the laws of the Province of Alberta ("**Company**")

WHEREAS:

A. Purchaser and Company wish to propose an arrangement involving, among other things, the acquisition by Purchaser of all of the issued and outstanding Company Shares;

B. the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the ABCA, on the terms and subject to the conditions set out in the Plan of Arrangement attached hereto as Schedule "A"; and

C. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the preamble and recitals hereto, the following defined terms have the meanings hereinafter set forth:

(a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B 9, as such may be amended from time to time prior to the Effective Date;

(b) "**Acquisition Proposal**" means, other than the Arrangement, any inquiry or request for discussions or negotiations or the making of any offer or proposal, whether or not such inquiry, request, offer or proposal is subject to due diligence or other conditions or whether or not in writing to Company or the Company Shareholders from any Person or Persons "acting jointly or in concert" (within the meaning of NI 62-104) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

(i) any direct or indirect sale, issuance or acquisition of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) from Company or the Company Shareholders as the case may be that, when taken together with any securities of Company held by the proposed acquiror, and any Person acting jointly or in concert with

such acquiror and assuming the conversion of any convertible securities held by the proposed acquiror and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership representing 20% or more of any class of equity or voting securities of Company or rights or interests therein or thereto;

(ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement, joint venture or other arrangement having the same economic effect as an acquisition or purchase) of assets of Company representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Company;

(iii) an amalgamation, arrangement, share exchange, merger, business combination, consolidation, recapitalization or other similar transaction involving Company;

(iv) a take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Company that, if consummated, would result in a Person or group of Persons acting jointly or in concert acquiring beneficial ownership of 20% or more of any class of equity or voting securities of Company and assuming the conversion of any convertible securities held by the Person or group of Persons acting jointly or in concert;

(v) any other transaction which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement, or prevent the completion of the Arrangement;

(vi) any other transaction that would or could reasonably be expected to reduce the benefits to Purchaser under this Agreement or the Arrangement; or

(vii) any public announcement or other public disclosure of an intention to do any of the foregoing;

(c) "**AcquisitionCo**" has the meaning ascribed thereto in Section 2.1(d);

(d) "**affiliate**" has the meaning ascribed thereto in the Securities Act;

(e) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the Schedules attached hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

(f) "**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces of Canada, and the rules, regulations, instruments, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

(g) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

(h) "**applicable privacy laws**" has the meaning ascribed thereto in Section 4.3(a)(i);

(i) "**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement as supplemented, or modified in accordance with the provisions of this Agreement and the Plan of Arrangement, or amended or made at the direction of the Court in the Final Order;

(j) "**Arrangement Resolution**" means the special resolution of the Company Securityholders in respect of the Arrangement to be considered at the Company Meeting substantially in the form attached hereto as Schedule "B";

(k) "**Articles of Arrangement**" means the articles of arrangement of Company giving effect to the Arrangement, required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, which shall be in a form and content satisfactory to the Parties, acting reasonably;

(l) "**authorized authority**" has the meaning ascribed thereto in Section 4.3(a)(ii);

(m) "**Breaching Party**" has the meaning ascribed thereto in Section 5.4;

(n) "**Business Day**" means any day other than a Saturday, Sunday, statutory holiday or other day when banks in the City of Calgary, Alberta are not generally open for business;

(o) "**Commissioner**" means the Commissioner of Competition appointed pursuant to section 7 of the Competition Act and includes any person designated by the Commissioner to act on his behalf;

(p) "**Company**" means Painted Pony Energy Ltd., a corporation existing under the laws of the Province of Alberta;

(q) "**Company Assets**" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests;

(r) "**Company Balance Sheet**" has the meaning ascribed thereto in Section (o)(i) of Schedule "D";

(s) "**Company Board**" means the board of directors of Company as it may be comprised from time to time, including any duly constituted and acting committee thereof;

(t) "**Company Debentures**" means the $50 million of convertible unsecured subordinated debentures issued by Company on August 23, 2017, which bear interest at 6.5% per annum, have a maturity date of August 23, 2021, and which may be converted into Company Shares at any time prior to the close of business on the maturity date at a conversion price of $5.60 per Company Share;

(u) "**Company Disclosure Letter**" means the disclosure letter dated as of the date of this Agreement from Company to Purchaser;

(v) "**Company DSU Plan**" means the deferred share unit plan of Company, as amended and restated effective January 1, 2018;

(w) "**Company DSUs**" means the deferred share units issued pursuant to the Company DSU Plan;

(x) "**Company Employee Costs**" means obligations of Company pursuant to all employment agreements, termination, severance and retention plans or policies providing for cash or other

compensation or benefits (including payments in satisfaction of Company Incentive Awards), upon the consummation of the Arrangement, but not including payments in respect of: (i) Company Options as provided in this Agreement; (ii) accrued vacation payouts; and (iii) Executive Employee Termination Packages;

(y) "**Company Fairness Opinion**" means the opinion of TD Securities Inc., a financial advisor to Company**.** to the effect that the consideration to be received by the Company Shareholders under the Arrangement is fair, from a financial point of view, to the Company Shareholders;

(z) "**Company Financial Statements**" means, collectively:

(i) the audited consolidated financial statements of Company as at and for the fiscal years ended December 31, 2019 and December 31, 2018, together with the notes thereto and the auditors' report thereon; and

(ii) the unaudited condensed financial statements of Company as at and for the three- and six-month periods ended June 30, 2020 and 2019, together with the notes thereto;

(aa) "**Company Incentive Awards**" means, collectively, the Company DSUs, Company PSUs and Company RSUs;

(bb) "**Company Incentive Plans**" means, collectively, the Company DSU Plan, the Company PSU Plan, the Company RSU Plan, the Company Option Plan and the Company's short term incentive plan effective May 15, 2020;

(cc) "**Company Information**" means the information included in the Information Circular (including information incorporated into the Information Circular by reference) describing Company and the business, operations and affairs of Company together with any amendments thereto or supplements thereof in accordance with the terms of this Agreement and under Applicable Canadian Securities Laws;

(dd) "**Company Material Contracts**" has the meaning ascribed thereto in Section (pp) of Schedule "D";

(ee) "**Company Meeting**" means the special meeting of Company Securityholders to be held in accordance with this Agreement and the Interim Order to consider the Arrangement Resolution and any adjournment(s) or postponement(s) thereof;

(ff) "**Company Noteholder and Debentureholder Consent Agreement**" means the agreement entered into between Company and the holders of Company Notes and Company Debentures, dated as of the date of this Agreement, which provides that, among other things, such holders consent to the entering into by the Company and the trustees under the indentures governing such Company Notes and Company Debentures of supplemental indentures thereto substantially in the forms attached to such agreement, and that such holders will take such other actions as may be required in order to cause such supplemental indentures to be entered into by the parties thereto as promptly as practicable;

(gg) "**Company Notes**" means the $150 million of senior unsecured notes issued by Company on August 23, 2017, which bear interest at 8.5% per annum and have a maturity date of August 23, 2022;

(hh) "**Company Operating Facility**" means the syndicated $50 million operating facility of Company with a syndicate of lenders maturing on May 11, 2021;

(ii) "**Company Optionholders**" means holders of Company Options;

(jj) "**Company Option Plan**" means the stock option plan of Company, as amended and restated effective May 9, 2019;

(kk) "**Company Options**" means the outstanding stock options of Company granted under the Company Option Plan, whether or not vested, entitling the holders thereof to acquire Company Shares;

(ll) "**Company Payout Letter**" has the meaning ascribed thereto in Section 3.3(s)(i);

(mm) "**Company Plans**" has the meaning ascribed thereto in Section (qq) of Schedule "D";

(nn) "**Company PSU Plan**" means the performance share unit plan of Company, as amended and restated November 6, 2019;

(oo) "**Company PSUs**" means the performance share units issued pursuant to the Company PSU Plan;

(pp) "**Company Public Record**" means all information filed by or on behalf of Company since January 1, 2019 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws which is available for public viewing on the SEDAR website at www.sedar.com under Company's profile;

(qq) "**Company Reserves Report**" means the independent engineering evaluation of Company's oil and natural gas reserves prepared by GLJ effective December 31, 2019;

(rr) "**Company Revolving Facility**" means the syndicated $275 million extendable revolving facility of Company with a syndicate of lenders maturing on May 11, 2021;

(ss) "**Company RSU Plan**" means the restricted share unit plan of Company, as amended and restated November 6, 2019;

(tt) "**Company RSUs**" means the restricted share units issued pursuant to the Company RSU Plan;

(uu) "**Company Securityholders**" means, collectively, the Company Shareholders and the Company Optionholders, from time to time;

(vv) "**Company Shareholders**" means holders of Company Shares from time to time;

(ww) "**Company Shares**" means the common shares in the capital of Company;

(xx) "**Company Transaction Costs**" means all costs and expenses of Company (whether incurred, accrued or billed) in connection with this Agreement and the Arrangement, including fees and expenses of financial and accounting advisors, printing, mailing, solicitation, proxy solicitation services and shareholder communication costs, Company Meeting costs, legal fees and disbursements, but excludes, for greater certainty, the Purchaser Termination Fee, the cost of Equivalent Insurance, the Executive Employee Termination Packages and the Company Employee Costs, if any;

(yy) "**Company Voting Support Agreements**" means the voting support agreements between Purchaser and: (a) each of the directors and senior officers of Company; (b) three EnCap Capital Energy Funds; and (c) two ARC Energy Funds, pursuant to which each such Person agreed, among other things, not to dispose of any of his or its Company Shares or Company Options prior to the Effective Date, to vote in favour of the Arrangement Resolution, to not dissent in respect of the Arrangement and otherwise to support the Arrangement;

(zz) "**Competition Act**" means the *Competition Act* (Canada) and includes the regulations promulgated thereunder;

(aaa) "**Competition Act Clearance**" means the occurrence of one or more of the following, in respect of the transactions contemplated by this Agreement:

(i) the Commissioner shall have issued an Advance Ruling Certificate pursuant to section 102 of the Competition Act; or

(ii) both (i) the Commissioner shall have issued a No Action Letter to Purchaser, and (ii) either the waiting period has expired or been terminated by the Commissioner under sections 123(1) or 123(2), respectively, of the Competition Act, or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act has been waived by the Commissioner under section 113(c) thereof;

(bbb) "**Confidentiality Agreement**" means the confidentiality agreement between Purchaser and Company dated May 13, 2020;

(ccc) "**Consideration**" means $0.69 in cash per Company Share;

(ddd) "**Continuing Employees**" means, collectively, all employees of Company other than the employees entitled to payment of an Executive Employee Termination Package;

(eee) "**Contract**" means, with respect to a Party, a binding contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party, or any of its subsidiaries, is a Party or under which such Party or any of its subsidiaries is bound, has unfulfilled obligations or contingent liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;

(fff) "**Court**" means the Court of Queen's Bench of Alberta;

(ggg) "**Depositary**" means TSX Trust Company or such other Person that may be appointed by Purchaser with the consent of Company (such consent not to be unreasonably withheld or delayed) in connection with the Arrangement for *inter alia* the purpose of receiving deposits of certificates formerly representing the Company Shares and paying the Consideration;

(hhh) "**Disclosed Personal Information**" has the meaning ascribed thereto in Section 4.3(b);

(iii) "**Dissent Rights**" has the meaning ascribed thereto in the Plan of Arrangement;

(jjj) "**Effective Date**" has the meaning ascribed thereto in Section 2.1(b);

(kkk) "**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

(lll) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or assets, or any part thereof or interest therein or capable of becoming any of the foregoing;

(mmm) "**Environmental Approvals**" means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;

(nnn) "**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental or health and safety matters of the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including legislation governing the use, handling and storage of Hazardous Substances;

(ooo) "**Equivalent Insurance**" has the meaning ascribed thereto in Section 3.2(a);

(ppp) "**Executive Employee Termination Packages**" has the meaning ascribed thereto in Section 2.6(d);

(qqq) "**Executive Employees**" means the members of the executive leadership team of Company, which is currently comprised of its President and Chief Executive Officer, Chief Financial Officer, Vice President, Development and Operations, Senior Vice President, Strategic Projects, Vice President and General Counsel and Corporate Secretary, and Vice President, Development and Marketing;

(rrr) "**Facilities**" or "**Facility**" means all facilities (including field facilities) in which Company owns or holds an interest, including decommissioned or abandoned facilities, which are used, have been used or are intended for use in connection with production, processing gathering, storage, treatment measuring, compression, injection, removal operations or transportation operations or other operations pertaining to Petroleum Substances and includes all related equipment appurtenant thereto or used or intended for use in connection therewith;

(sss) "**Final Order**" means the order of the Court approving the Arrangement to be applied for by Company following the approval of the Arrangement Resolution at the Company Meeting and to be granted pursuant to subsection 193(9) of the ABCA in respect of Company Securityholders, Company and Purchaser, as such order may be affirmed, amended or modified by the Court (with the consent of both Company and Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that, such amendment is acceptable to both Company and Purchaser, each acting reasonably) on appeal;

(ttt) "**GLJ**" means GLJ Petroleum Consultants Ltd., independent oil and natural gas reservoir engineers of Calgary, Alberta;

(uuu) "**Governmental Authority**" means any:

(i) national, federal, provincial, state, regional, municipal, local or other government or any governmental regulatory or administrative authority department, court, tribunal, arbitral body, commission, board, bureau ministry or agency, or official, domestic or foreign including any political subdivision thereof;

(ii) any subdivision, agent, commission, board or authority of any of the foregoing;

(iii) any quasi-governmental or private body exercising any regulatory or expropriation authority under or for the account of any of the foregoing; and

(iv) any stock exchange, including the TSX;

(vvv) "**Governmental Authorizations**" has the meaning ascribed thereto in Section (q)(i) of Schedule "D";

(www) “**Hazardous Substances**” means any pollutant, contaminant, waste or other substance of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, or that is prohibited, listed, defined, designated, regulated, classified judicially interpreted or identified in any applicable Environmental Laws including petroleum and all derivatives thereof and synthetic substitutions therefor;

(xxx) “**IFRS**” means International Financial Reporting Standards as incorporated in the Handbook of the Chartered Professional Accountants (Canada) at the relevant time applied on a consistent basis;

(yyy) “**includes**” or “**including**” shall be deemed to mean “**includes, without limitation**” or “**including, without limitation**”;

(zzz) “**Information Circular**” means the management information circular of Company, together with all appendices thereto to be mailed or otherwise distributed by Company to the Company Securityholders, and such other securityholders of Company as may be required pursuant to the Interim Order in connection with the Company Meeting;

(aaaa) “**Interim Order**” means an interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Company Meeting, as such order may be affirmed, amended or modified by the Court (with the consent of both Company and Purchaser, each acting reasonably);

(bbbb) “**In-the-Money Amount**” has the meaning ascribed thereto in Section 2.1(a)(iii)(A);

(cccc) “**Investment Canada Act**” means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.);

(dddd) “**ITA**” means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

(eeee) “**Lands**” means all lands in which Company owns or holds an interest and the Petroleum Substances within, upon and under such lands, together with the right to explore for and recover same, all insofar as such are granted by the Leases (subject to limitations as to geological formations and Petroleum Substances set out in the Company Disclosure Letter);

(ffff) “**Leases**” means collectively the leases, reservations, permits, licenses or other documents of title set out in the Company Disclosure Letter by virtue of which the holder thereof is entitled to drill for, win, take, own and/or remove the Petroleum Substances, but only insofar as the same relate to the Lands;

(gggg) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to Company, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or could reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (whether absolute, accrued, contingent or otherwise), capitalization, results of operations or cash flows of Company, taken as a whole, other than any such change, effect, occurrence or event directly or indirectly relating to or resulting from:

(i) conditions affecting the upstream oil and gas industry generally in jurisdictions in which Company carries on a material portion of its business, including the COVID-19 pandemic and any related interruption to the business, affairs or financial condition of Company, or any change, effect, occurrence or event related directly or indirectly to the COVID-19 pandemic (whether now known or unknown or whether foreseeable or unforeseeable in the future);

(ii) changes to Applicable Laws, Taxes, IFRS or changes in accounting or regulatory requirements generally applicable to the upstream oil and gas industry as a whole;

(iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada;

(iv) global, national or regional political conditions, including the outbreak of war or acts of terrorism affecting the jurisdictions in which Company conducts business;

(v) natural disasters;

(vi) any matter which has been publicly disclosed by Company in the Company Public Record subsequent to January 1, 2020 and prior to the date of this Agreement or in the Company Disclosure Letter;

(vii) a change in the market trading price or trading volume of Company's publicly listed securities (it being understood that, unless otherwise excluded by Sections 1.1(gggg)(i) through 1.1(gggg)(x) inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);

(viii) the failure of Company to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow (it being understood that, unless otherwise excluded by Sections 1.1(gggg)(i) through 1.1(gggg)(x) inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);

(ix) the announcement of this Agreement and the transactions contemplated hereby, including the Arrangement or the announcement thereof; or

(x) any matter expressly consented to in writing by Purchaser after the date hereof or permitted or required by this Agreement;

provided however, that where the change or effect referred to in Sections 1.1(gggg)(i) through 1.1(gggg)(v) disproportionately affects Company compared to other entities in the same jurisdictions in the upstream oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

(hhhh) "**Miscellaneous Interests**" means Company's right, title, estate and interest in and to all property, assets and rights on or with respect to the Lands (other than Petroleum and Natural Gas Rights and Tangibles) which pertain to the Petroleum and Natural Gas Rights or the Tangibles, including:

(i) all contracts, agreements, documents, books, records, and geological or production data relating to the Petroleum and Natural Gas Rights (including the Title and Operating Documents), the Lands, any lands upon which any of the Tangibles are situate or any lands that are used to gain access to any of the foregoing and any and all rights in relation thereto;

(ii) all subsisting rights to enter upon, use and occupy the surface of any of the Lands or any lands upon which any of the Tangibles are situate or any lands that are used to gain access to any of the foregoing;

(iii) all well, pipeline and other permits, licences and authorizations relating to the Petroleum and Natural Gas Rights, the Leases, the Lands or the Tangibles;

(iv) Proprietary Seismic and Geophysical Data; and

(v) Seismic Data;

(iiii) "**Misrepresentation**", "**Material Change**" and "**Material Fact**" have the meanings ascribed thereto under the Securities Act;

(jjjj) "**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

(kkkk) "**No Action Letter**" means a written confirmation from the Commissioner that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement;

(llll) "**Outside Date**" means November 30, 2020; provided however, that if the Competition Act Clearance has not been obtained by the Outside Date, the Outside Date shall be automatically extended to February 26, 2021, or in each case such other date as the Parties may agree;

(mmmm) "**Parties**" means, collectively, the parties to this Agreement, and "**Party**" means either one of them;

(nnnn) "**Permitted Encumbrances**" means: (a) any overriding royalties, net profits interests or other Encumbrances applicable to the interests of Company in its Company Assets; (b) easements, rights of way, servitudes or other similar rights, including rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, and wires; (c) the regulations and any rights reserved to or vested in any Governmental Authority to levy Taxes or to control or regulate Company's interests in any manner, including the right to control or regulate production rates and the conduct of operations; (d) statutory exceptions to title and the reservations, limitations and conditions in any grants or transfers from the Crown of mines and minerals; (e) undetermined or inchoate liens incurred or created in the ordinary course of business as security for Company's share of the costs and expenses of the development or operation of any of its assets, which costs and expenses are not delinquent as of the Effective Time; (f) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Effective Time; (g) liens for Taxes, assessments, and governmental charges that are not due and payable or delinquent; (h) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate for charges, costs or expenses that are not due and payable or delinquent; (i) any Encumbrances granted in the ordinary course of business to a Governmental Authority respecting operations pertaining to petroleum and natural gas rights; (j) any Encumbrances under Company's existing credit agreements or the security provided thereunder; (k) the terms and conditions of any Title and Operating Documents; and (l) to the extent set out in the Company Disclosure Letter, contracts for the purchase and sale, processing, transportation or storage of petroleum substances or for the contract operation of any assets that are terminable without penalty on 90 days or less notice;

(oooo) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

(pppp) "**Personal Information**" has the meaning ascribed thereto in Section 4.3(a)(iii);

(qqqq) "**Petroleum and Natural Gas Rights**" means Company's right, title, estate and interest (whether absolute or contingent, legal or beneficial, past, present or future, vested or not and whether or not an "interest in land") to drill for, explore for, extract, win, take, produce, save and market Petroleum Substances from the Lands;

(rrrr) "**Petroleum Substances**" means petroleum, natural gas and related hydrocarbons and any other substances to the extent granted by the Leases;

(ssss) "**Pipelines**" means Company's entire right, title and interest in and to all pipelines, gathering lines and sale lines used in connection with production, gathering, compression, injection, removal operations, transportation operations, or other operations pertaining to the Lands, the Wells and the Facilities;

(tttt) "**Plan of Arrangement**" means the plan of arrangement under the ABCA substantially in the form set forth in Schedule "A", as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms thereof and hereof or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably;

(uuuu) "**Pre-Arrangement Reorganization**" has the meaning ascribed thereto in Section 3.7(a)(i);

(vvvv) "**Proprietary Seismic and Geophysical Data**" means all of Company's interest in its proprietary seismic data and all other proprietary, sale and trading rights in records, books, documents, licenses, reports and data relating to such rights and data, as well as any applicable microseismic data and electromagnetic/gravity data forming a part of such rights and data;

(wwww) "**Purchaser**" means Canadian Natural Resources Limited, a corporation existing under the laws of the Province of Alberta;

(xxxx) "**Purchaser Board**" means the board of directors or other applicable governing body of Purchaser, as it may be comprised from time to time;

(yyyy) "**Purchaser Damages Event**" has the meaning ascribed thereto in Section 6.2;

(zzzz) "**Purchaser Information**" means the information included in the Information Circular (including information incorporated into the Information Circular by reference) describing Purchaser and the business, operations and affairs of Purchaser together with any amendments thereto or supplements thereof in accordance with the terms of this Agreement and under Applicable Canadian Securities Laws;

(aaaaa) "**Purchaser Material Contracts**" means all Contracts of Purchaser under which any consents or approvals to the consummation of the Arrangement are required from any third party to any such Contracts;

(bbbbb) "**Purchaser Termination Fee**" has the meaning ascribed thereto in Section 6.2;

(ccccc) "**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA;

(ddddd) "**Regulatory Approvals**" means any consent, waiver, permit, permission, exemption, review, order, decision or approval of, or any registration and filing with or withdrawal of any objection or successful conclusion of any litigation brought by, any Governmental Authority, or the expiry, waiver or termination of any waiting period imposed by law or a Governmental Authority or

pursuant to a written agreement between the Parties and a Governmental Authority to refrain from consummating the Arrangement, in each case required under Applicable Law in connection with the Arrangement, including the Competition Act Clearance;

(eeeee) "**Representatives**" means the officers, directors, employees, financial advisors, legal counsel, accountants, advisors and all other representatives and agents of either Party, as the context requires;

(fffff) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S 4, as such may be amended prior to the Effective Date;

(ggggg) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces of Canada, other than Québec;

(hhhhh) "**Seismic Change of Control Payment**" means all transfer fees and charges related to the Seismic Data;

(iiiii) "**Seismic Data**" has the meaning ascribed thereto in Section (ll) of Schedule "D";

(jjjjj) "**subsidiary**" has the meaning ascribed thereto in the Securities Act;

(kkkkk) "**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date hereof, by a Person other than Purchaser that the Company Board determines in good faith after consultation with its financial advisors and outside legal counsel, is a transaction:

(i) that is not subject to any financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal has been demonstrated, to the satisfaction of the Company Board, to have been obtained or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein;

(ii) that the Company Board and any relevant committee thereof has determined in good faith is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such proposal;

(iii) that complies with Applicable Laws and that did not result from or involve a breach of any agreement by the Person making such proposal or a breach of Section 6.1;

(iv) that is not subject to any due diligence or access condition in excess of three days;

(v) that would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Company Shareholders from a financial point of view than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by Purchaser as contemplated by Section 6.1(d)); and

(vi) that the failure by the Company Board to accept, recommend, approve or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with its fiduciary duties under Applicable Law; and

solely for purposes of this definition of "Superior Proposal" and its use throughout this Agreement, all references to "20%" in the definition of "Acquisition Proposal" shall instead be construed to refer to "100%";

(lllll) "**Tangibles**" means Company's right, title, estate and interest in all depreciable tangible property and assets existing for the production, processing, gathering, treatment, transportation, disposal, injection or removal of Petroleum Substances, whether the same be situate within, upon or about the Lands or lands with which the same have been pooled or unitized, including the Pipelines, inventory and all tangible depreciable property and assets which form part of the Facilities and the Wells;

(mmmmm) "**Tax**" or "**Taxes**" shall mean: (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include all income or profits taxes (including domestic or foreign federal income taxes and provincial/state income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, social security taxes, Canada Pension Plan contributions, payroll contributions and taxes, sales and use taxes, value added taxes, goods and services taxes, harmonized sales taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, municipal taxes, environmental taxes, capital taxes, corporate minimum taxes, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Company is required to pay, deduct, withhold, remit or collect; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;

(nnnnn) "**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated Tax, information statements and returns and other similar documents relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including estimated tax returns and reports, withholding tax returns and reports, information returns and reports, and any schedules, attachments, supplements, appendices and exhibits thereto), whether in tangible, electronic or other form;

(ooooo) "**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition, collection, review, audit, assessment, reassessment or similar action or conduct of any Tax (domestic or foreign);

(ppppp) "**Technology**" has the meaning ascribed thereto in Section (oo)(ii) of Schedule "D";

(qqqqq) "**Terminating Party**" has the meaning ascribed thereto in Section 5.4;

(rrrrr) "**Termination Notice**" has the meaning ascribed thereto in Section 5.4;

(sssss) "**Third Party Beneficiaries**" has the meaning ascribed thereto in Section 10.12;

(ttttt) "**threatened**" when used in relation to legal action or any other matter, means that a written demand has been made or a written notice has been given that such legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;

(uuuuu) “**Title and Operating Documents**” means all deeds, titles, instruments, agreements or other documents whereby Company: (i) derives any interest in the Company Assets; or (ii) otherwise affects or encumbers Company’s interests and obligations in the Company Assets;

(vvvvv) “**TSX**” means the Toronto Stock Exchange;

(wwwww) “**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

(xxxxx) “**U.S. Securities Act**” means the *United States Securities Act* of 1933, as amended;

(yyyyy) “**U.S. Securities Laws**” means collectively, and as the context may require, the applicable federal and state securities legislation of the United States (including, but not limited to, the U.S. Securities Act) and all rules, regulations and orders promulgated thereunder, as amended from time to time; and

(zzzzz) “**Wells**” means all of Company’s right, title, estate and interest in wells, whether or not located on the Lands or on lands with which the same have been pooled or unitized therewith or that are, may be or were used in connection with the Petroleum and Natural Gas Rights, and including all producing, shut-in, suspended, abandoned (both fully or partially reclaimed), water source, injection or disposal wells.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections, subsections and the insertion of headings is for convenience of reference only and does not affect the construction or interpretation of this Agreement.

1.3 Article References

Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.4 Number and Gender

Words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders. If a word is defined in this Agreement a grammatical derivative of that word shall have a corresponding meaning.

1.5 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place. Notwithstanding the forgoing, this provision does not apply to the time periods set forth in Section 6.1(d).

1.6 Time References

Unless otherwise expressly stated, references to time are to local time, Calgary, Alberta.

1.7 Entire Agreement

This Agreement, the Confidentiality Agreement and the Company Disclosure Letter constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

1.8 Statute and Agreement References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to any regulations promulgated thereunder from time to time in effect and such statute or section (or regulations thereunder) as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.9 Schedules

The following Schedules annexed to this Agreement, being:

Schedule "A" – Plan of Arrangement
Schedule "B" – Form of Arrangement Resolution
Schedule "C" – Representations and Warranties of Purchaser
Schedule "D" – Representations and Warranties of Company

are incorporated by reference into this Agreement and form a part hereof.

1.10 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.11 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under, and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS.

1.12 Interpretation Not Affected by Party Drafting

The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

1.13 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of, in the case of Company, its President and Chief Executive Officer, its Chief Financial Officer, its Vice President, Development and Operations, and its Vice President and General Counsel and Corporate Secretary, and, in the case of Purchaser, its Senior Vice-President, Corporate Development and Land, and its Vice-President, Land, in each case after due inquiry

(provided that, "due inquiry" does not require such persons to make enquiries of any person who is not a director, officer, employee or consultant of Company or Purchaser, respectively) and does not otherwise include any constructive, implied or imputed knowledge.

ARTICLE 2
THE ARRANGEMENT

2.1 Plan of Arrangement

(a) On the terms and subject to the conditions set forth in this Agreement, the Parties agree to carry out the Arrangement in accordance with the Plan of Arrangement pursuant to which (among other things), each of the steps, events or transactions set out below shall occur and shall be deemed to occur sequentially in the order set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time (provided that none of the following shall occur unless all of the following occur):

(i) notwithstanding the terms of the Company RSU Plan or the Company PSU Plan or any applicable award agreements in relation thereto:

(A) the Company RSU Plan shall be terminated and each Company RSU granted under the Company RSU Plan and outstanding at the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to section 3.3 of the Plan of Arrangement, an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder in accordance with section 5.1(a)(ii) of the Plan of Arrangement, in full satisfaction of Company's obligations under such surrendered Company RSU, whereupon all Company RSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company RSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement; and

(B) the Company PSU Plan shall be terminated and each Company PSU granted under the Company PSU Plan and outstanding at the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to section 3.3 of the Plan of Arrangement, an amount equal to the Consideration multiplied by the number of Company Shares covered by such Company PSU with a performance multiplier determined in accordance with the Company PSU Plan, payable in cash (less the amount of applicable withholdings) to the holder in accordance with section 5.1(a)(ii) of the Plan of Arrangement, in full satisfaction of Company's obligations under such surrendered Company PSU (as applicable), whereupon all Company PSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company PSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(ii) notwithstanding the terms of the Company DSU Plan, or any applicable award agreements in relation thereto, the Company DSU Plan shall be terminated and each Company DSU outstanding immediately prior to the Effective Time shall, without any further action or

formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to section 3.3 of the Plan of Arrangement, an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder in accordance with section 5.1(a)(ii) of the Plan of Arrangement, in full satisfaction of Company's obligations under such surrendered Company DSU, whereupon all Company DSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company DSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(iii) notwithstanding the terms of the Company Option Plan or any applicable award agreements in relation thereto, the Company Option Plan shall be terminated and each Company Option, whether vested or unvested, that has not, prior to the Effective Time, been exercised or surrendered in accordance with its terms shall, without any further action or formality on behalf of the holder thereof and Company and without any payment by such Company Optionholder, be deemed to be transferred to Company as follows:

(A) in respect of each Company Option outstanding at the Effective Time whether vested or unvested, that has an exercise price that is less than the Consideration, the applicable Company Option shall be deemed to be surrendered to Company in exchange for, subject to section 3.3 of the Plan of Arrangement, an amount equal to the amount by which the Consideration exceeds the exercise price thereof (the "**In-the-Money Amount**"), payable in cash (less the amount of applicable withholdings) to the Company Optionholder in accordance with section 5.1(a)(ii) of the Plan of Arrangement in full satisfaction of Company's obligations under such surrendered Company Option; and

(B) in respect of each Company Option outstanding at the Effective Time whether vested or unvested, that has an exercise price that is equal to or greater than the Consideration, the applicable Company Option shall be deemed to be surrendered to Company in exchange for, subject to section 3.3 of the Plan of Arrangement, an amount equal to $0.01, payable in cash (less the amount of applicable withholdings) to the Company Optionholder in accordance with section 5.1(a)(ii) of the Plan of Arrangement in full satisfaction of Company's obligations under such surrendered Company Option,

whereupon all Company Options shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company Options shall be deemed to be fully satisfied, and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under the Plan of Arrangement;

(iv) each Company Share held by a registered Company Shareholder who has validly exercised and not withdrawn Dissent Rights described in section 4.1 of the Plan of Arrangement shall be transferred by the holder thereof to Company in exchange for the amount determined in accordance with section 4.3 of the Plan of Arrangement; and

(v) each outstanding Company Share (other than a Company Share held by a registered Company Shareholder who has validly exercised and not withdrawn Dissent Rights described in section 3.1(c) of the Plan of Arrangement) shall be transferred to Purchaser in exchange for, subject to section 3.3 of the Plan of Arrangement, a cash payment (less the amount of applicable withholdings) to the holder equal to the Consideration.

(b) The Plan of Arrangement may be amended in accordance with Section 7.2. As soon as reasonably practicable, but in any event no later than the second Business Day after the last of the conditions set forth in Article 5 have been satisfied (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is, unless another time or date is agreed to in writing by the Parties (the "**Effective Date**"), the Parties will complete the Arrangement and the Arrangement shall become effective at the Effective Time whereupon the steps comprising the Plan of Arrangement will be deemed to occur in the order, at the times, and in the manner set forth therein. The closing of the transactions contemplated hereby will take place at the offices of counsel to Company or at such other location as may be agreed upon by the Parties.

(c) The Parties shall use all commercially reasonable efforts to cause the Effective Date to occur as soon as practicable after satisfaction of the conditions set forth in Article 5 (other than those conditions which by their nature are to be satisfied at closing of the Arrangement) and in any event by the Outside Date.

(d) Notwithstanding any other provision of this Agreement, Purchaser may acquire the Company Shares and the Company Options through a direct or indirectly wholly-owned subsidiary, currently existing or to be organized under Applicable Laws of any jurisdiction in Canada ("**AcquisitionCo**"). If the Arrangement is undertaken in whole or in part by AcquisitionCo, Purchaser hereby unconditionally and irrevocably guarantees in favour of Company the due and punctual performance by AcquisitionCo of AcquisitionCo's obligations under the Arrangement and this Agreement. Purchaser hereby agrees that Company shall not have to proceed first against AcquisitionCo in respect of any such matter before exercising its rights under this guarantee against Purchaser and agrees to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

2.2 Recommendation of the Company Board

Company represents and warrants to Purchaser that the Company Board:

(a) has unanimously determined, after receiving the advice of its financial and legal advisors, that:

(i) the Arrangement is fair, from a financial point of view, to the Company Shareholders;

(ii) it will unanimously recommend that the Company Securityholders vote in favour of the Arrangement Resolution; and

(iii) the Arrangement and the entry into this Agreement are in the best interests of Company

(collectively, Sections 2.2(a)(i), 2.2(a)(ii) and 2.2(a)(iii), the "**Company Board Recommendation**"); and

(b) has received the Company Fairness Opinion from TD Securities Inc., a financial advisor to Company, that, as of the date thereof and subject to the assumptions and limitations set out therein, the consideration to be received by the Company Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Company Shareholders.

2.3 Interim Order

Company agrees that as soon as reasonably practicable after the date hereof, but in any event not later than September 14, 2020, Company shall apply in a manner reasonably acceptable to Purchaser pursuant to

section 193 of the ABCA and, in cooperation with Purchaser, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the calling and the holding of the Company Meeting, including the record date for determining the Persons to whom notice of the Company Meeting is to be provided and for determining the Persons entitled to vote at the Company Meeting and for the manner in which such notice is to be provided;

(b) that the securities of Company for which holders as at the record date established for the Company Meeting shall be entitled to vote on the Arrangement Resolution shall be: (i) the Company Shares; and (ii) the Company Shares and the Company Options, voting together as a single class;

(c) that all Company Securityholders as at the record date established for the Company Meeting, or otherwise permitted under the ABCA (as the same may be amended by the Interim Order), shall be entitled to vote on the Arrangement Resolution, with each Company Securityholder being entitled to one vote for each Company Share and Company Option held by it;

(d) that subject to the approval of the Court, the requisite level of approval for the Arrangement Resolution shall be at least:

(i) two-thirds of the votes cast by the Company Shareholders present in person or represented by proxy at the Company Meeting;

(ii) two-thirds of the votes cast by the Company Securityholders present in person or represented by proxy at the Company Meeting, voting together as a single class; and

(iii) if required, a majority of the votes cast on the Arrangement Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting, after excluding the votes cast by those Persons whose votes must be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*;

(e) that, in all other material respects, the terms, restrictions and conditions of the constating documents of Company, including quorum requirements and all other matters, shall apply in respect of the Company Meeting, except as modified by the Interim Order;

(f) for the grant of the Dissent Rights as set forth in the Plan of Arrangement;

(g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(h) that the Company Meeting may be adjourned or postponed from time to time by Company with the consent of Purchaser without the need for additional approval of the Court;

(i) that, unless required by Applicable Laws, the record date for determining Company Securityholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment or postponement of the Company Meeting; and

(j) for such other matters as the Parties may agree in writing, each acting reasonably.

2.4 Information Circular

As promptly as reasonably practicable following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

(a) Company shall prepare the Information Circular and Purchaser shall provide to Company, in a timely manner, all Purchaser Information for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all requirements of Applicable Laws on the date of issue thereof;

(b) Company shall call, give notice of and convene the Company Meeting by not later than October 12, 2020, at which meeting the Arrangement Resolution shall be submitted to the Company Securityholders entitled to vote upon such resolution for approval and, unless as otherwise agreed in writing between the Parties, shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) or fail to call the Company Meeting (notwithstanding the fact that Company may be in receipt of a Superior Proposal) without prior written consent of Purchaser except for adjournments or postponements:

    (i) as required for quorum purposes (in which case the Company Meeting shall be adjourned) or by Applicable Laws or by a Governmental Authority; or

    (ii) as required under Section 6.1(f) or Section 5.4;

(c) Company shall ensure that the Information Circular provides the Company Securityholders (subject to Purchaser's compliance with Section 2.4(a)), with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them;

(d) Company shall, with assistance from and the participation of Purchaser, cause the Information Circular to be prepared in compliance, in all material respects, with Applicable Canadian Securities Laws and to provide the Company Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be considered at the Company Meeting, and shall include: (i) the Company Information; (ii) a copy of the Company Fairness Opinion; (iii) the Company Board Recommendation; (iv) the Purchaser Information; and (v) a summary of the terms of the Company Voting Support Agreements.

(e) Company shall, subject to compliance with Applicable Canadian Securities Laws, incorporate the Purchaser Information into the Information Circular substantially in the form provided by Purchaser, and Company shall provide Purchaser and its Representatives with an opportunity to review and comment on the Information Circular and any other relevant documentation and shall give due consideration to all comments made by Purchaser and its Representatives. The Information Circular shall be in form and content satisfactory to Company and Purchaser, each acting reasonably;

(f) Company shall cause the Information Circular to be mailed to the Company Securityholders and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same is required to be mailed and filed; and

(g) a Party shall promptly notify the other Party if it becomes aware that the Information Circular contains a Misrepresentation, or otherwise requires an amendment or supplement; and the Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Securityholders and such other Persons as required by the Interim Order and, if required by the Court or by Applicable Law, file the same with the applicable Securities Authorities and other Governmental Authorities as required.

2.5 Preparation of Filings

(a) Purchaser and Company shall cooperate in:

(i) seeking the Interim Order and the Final Order, including by Purchaser providing Company on a timely basis any information required to be supplied by Purchaser concerning itself in connection therewith. Company shall provide legal counsel to Purchaser with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Company shall also provide legal counsel to Purchaser on a timely basis with copies of any notice of appearance and evidence served on Company or its legal counsel in respect of the application for the Final Order or any appeal therefrom. Subject to Applicable Laws, Company shall not file any material with the Court or any Governmental Authority in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that, nothing herein shall require Purchaser to agree or consent to any modification or amendment to such filed or served materials that expands or increases Purchaser's obligations, or diminishes or limits Purchaser's rights, set forth in any such filed or served materials or under this Agreement; and

(ii) the taking of all such action as may be required under the ABCA and Applicable Canadian Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

(b) Company shall oppose any proposal from any Person that the Interim Order or the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Interim Order or the Final Order or by Applicable Law to return to Court with respect to the Interim Order or the Final Order do so only after notice to, and in consultation and cooperation with, Purchaser.

(c) Each of Purchaser and Company shall promptly furnish to the other all information concerning it as may be required to effect the actions described in Section 2.1 and the foregoing provisions of this Section 2.5, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation.

2.6 Employee Obligations and Employment-Related Covenants

(a) The Company Disclosure Letter sets out the name, title, job description and salary of all Continuing Employees.

(b) Purchaser covenants and agrees that, effective concurrently with the acquisition by Purchaser of the Company Shares at the time specified in the Plan of Arrangement, all Continuing Employees who remain in the employment of Company shall be employed by Purchaser on terms and conditions substantially comparable, in the aggregate, to the terms and conditions on which they are employed immediately prior to the Effective Time.

(c) Not less than ten days prior to the Effective Date, Company shall conditionally terminate the employment of all Executive Employees and shall provide the Executive Employees with severance offers in accordance with Applicable Laws and their written employment agreements (if applicable).

(d) All written notices of termination, severance payments, termination payments, payments in lieu of notice of termination, accrued vacation payouts or similar payments to Executive Employees as a result of the termination of their employment as contemplated in Section 2.6(c) (collectively, the "**Executive Employee Termination Packages**") shall: (i) be conditional upon the consummation of the Arrangement; (ii) be effective as at the Effective Time; (iii) provide severance offers that are in accordance with the terms of the Executive Employee's employment agreement, severance agreement or other written agreement; and (iv) be conditional upon the execution by the Executive Employee of a full and final release in the form attached to his employment agreement. In the event an Executive Employee fails to execute a full and final release, the Executive Employee will still be provided with his statutory termination entitlements limited to the minimums prescribed by applicable employment standards legislation.

(e) If an Executive Employee is entitled to an Executive Employee Termination Package that is specifically set out in an employment agreement, severance agreement or other written agreement, the Parties agree that the severance offer contemplated in Section 2.6(c) shall not exceed the amount set out in such agreement.

(f) The Parties acknowledge that the Arrangement will result in a "change of control" for the purposes of any employment agreements, severance agreements and other written agreements between Company and its employees or contractors.

(g) The Company Disclosure Letter sets out the Company Employee Costs, if any, and Executive Employee Termination Packages and such disclosure includes:

(i) the name of each individual entitled to payment of Company Employee Costs or an Executive Employee Termination Package;

(ii) a description of the agreement or plan or other legal requirement under which the Company Employee Costs or Executive Employee Termination Package arises and relevant section references; and

(iii) the total amount of each individual's Company Employee Costs or Executive Employee Termination Package, as applicable, and the method of calculating such payment.

(h) Company shall make a *bona fide* request of each individual receiving any portion of the Company Employee Costs to execute a full and final release in form and substance acceptable to Purchaser, acting reasonably.

2.7 Treatment of Company Options and Company Incentive Awards

(a) The Company Disclosure Letter sets out the full particulars of the Company Options and the Company Incentive Awards outstanding as of the date hereof.

(b) The Parties acknowledge that the Arrangement will result in a "change of control" for purposes of the Company Incentive Plans.

(c) The Company Board has approved the vesting of all outstanding Company Incentive Awards effective immediately before the Effective Time conditional upon the subsequent consummation of the Arrangement and all Company Options shall vest automatically upon the consummation of the Arrangement in order that all such outstanding Company Options and Company Incentive Awards shall be fully vested and deemed to have been exercised or surrendered immediately before or at the Effective Time in accordance with the terms of this Agreement and the Company Incentive Plans.

(d) In the case of the Company Options, each Company Optionholder shall be deemed to have exercised or surrendered all of his Company Options in accordance with the provisions in the Plan of Arrangement.

(e) In the case of the Company DSUs, each holder thereof shall be deemed to have exercised or surrendered all of his Company Incentive Awards in accordance with the provisions in the Plan of Arrangement.

(f) In the case of the Company RSUs and Company PSUs, notwithstanding the terms of the Company RSU Plan or the Company PSU Plan or any applicable award agreements in relation thereto, immediately prior to the Effective Time:

(i) the Company RSU Plan shall be terminated and each Company RSU granted under the Company RSU Plan and outstanding immediately prior to the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to Section 2.11, an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder, in full satisfaction of Company's obligations under such surrendered Company RSU; and

(ii) the Company PSU Plan shall be terminated and each Company PSU granted under the Company PSU Plan and outstanding immediately prior to the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to Section 2.11, an amount equal to the Consideration multiplied by the number of Company Shares covered by such Company PSU with a performance multiplier determined in accordance with the Company PSU Plan, payable in cash (less the amount of applicable withholdings) to the holder, in full satisfaction of Company's obligations under such surrendered Company PSU (as applicable).

(g) The Parties agree that satisfaction of Tax remittance obligations with respect to the exercise or surrender of Company Options and Company Incentive Awards outstanding at the Effective Time shall be accomplished in accordance with the provisions set forth in the Plan of Arrangement.

(h) The Parties acknowledge and agree that:

(i) Company will elect under subsection 110(1.1) of the ITA, in prescribed form, in respect of a Company Option surrendered pursuant to the terms thereof for the In-the-Money Amount or pursuant to the terms of the Arrangement, as applicable, that neither Company nor any Person who does not deal at "arm's length" with Company, within the meaning of the ITA, will deduct, in computing its income for the purposes of the ITA, any amount in respect of a payment made to holders of Company Options in consideration for the surrender of such Company Options; and

(ii) Company will provide holders of Company Options who have surrendered such Company Options with evidence in writing of the election under subsection 110(1.1) of the ITA.

2.8 Effective Date

The Arrangement shall become effective at the Effective Time. Provided all necessary approvals for the Arrangement Resolution are obtained from the Company Securityholders, Company shall, as soon as reasonably practicable following the Company Meeting, and in any event no later than three Business Days following the Company Meeting, submit the Arrangement to the Court and apply for the Final Order.

As soon as reasonably practicable, but in any event no later than two Business Days following the satisfaction or waiver of the conditions set out in Article 5, (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) each of Purchaser on the one hand and Company on the other hand, shall execute and deliver such closing documents and instruments and forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to subsection 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without further act or formality.

2.9 Dissenting Shareholders

Registered Company Shareholders entitled to vote at the Company Meeting may exercise Dissent Rights with respect to their Company Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. Company shall promptly give Purchaser notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Company and promptly provide Purchaser with copies of such notices and written objections and all other correspondence related thereto.

2.10 Payment of Consideration

Purchaser shall, following receipt of the Final Order but prior to the Effective Time, provide, or cause to be provided to the Depositary sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to Company and Purchaser, each acting reasonably) to satisfy the aggregate Consideration payable to the Company Shareholders.

2.11 Company Withholdings

Company, Purchaser and the Depositary shall be entitled to deduct or withhold from any amounts payable to any Company Shareholder or other Person pursuant to the Arrangement such amounts as Company, Purchaser or the Depositary reasonably determines is required to deduct or withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid or delivered to the Persons in respect of whom such deduction or withholding was made, on the condition that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority.

2.12 Company Voting Support Agreements

Company has, concurrently with the signing of this Agreement, delivered to Purchaser the executed Company Voting Support Agreements.

ARTICLE 3
COVENANTS

3.1 Covenants of Purchaser

Purchaser covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement, except with the prior written consent of Company (not to be unreasonably withheld, delayed or conditioned), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

(a) Purchaser will use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions set forth in Section 5.1 and Section 5.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Purchaser;

(b) Purchaser will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it and will use all commercially reasonable efforts to assist Company in obtaining such orders and to carry out the intent or effect of this Agreement and the Arrangement;

(c) Purchaser will make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, if applicable, required on the part of Purchaser in connection with the transactions contemplated herein and take all commercially reasonable action necessary to be in compliance with such Applicable Laws;

(d) Purchaser will use all commercially reasonable efforts to obtain any Regulatory Approvals required by it in connection with the Arrangement as soon as is practicable;

(e) Purchaser shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement and the transactions contemplated hereby;

(f) subject to Company's compliance with Section 2.4(a), Purchaser shall ensure that the Purchaser Information included in the Information Circular complies in all material respects with Applicable Laws and, without limiting the generality of the foregoing, that the Purchaser Information will not contain a Misrepresentation and, in that regard, the Information Circular will set out the Purchaser Information in the form approved by Purchaser and the Company Information in the form approved by Company;

(g) Purchaser shall indemnify and save harmless Company and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Company or its affiliates or their respective directors, officers, employees, advisors or agents may be subject or which Company or its directors, officers, employees, advisors or agents may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

    (i) any Misrepresentation or alleged Misrepresentation contained solely in the Purchaser Information included in the Information Circular or in any material filed by Purchaser in compliance or intended compliance with any Applicable Laws; and

    (ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a Material Fact or any Misrepresentation or any alleged Misrepresentation in the Purchaser Information included in the Information Circular or in any material filed by or on behalf of Purchaser in compliance or intended compliance with Applicable Canadian Securities Laws and applicable U.S. Securities Laws, if applicable;

except that Purchaser shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation based on the Company Information;

(h) subject to Section 10.4, and except for non-substantive communications with third parties and communications to legal and other advisors of Purchaser, Purchaser will furnish promptly to Company and its legal counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Purchaser in connection with the Arrangement from any Governmental Authority; (ii) any filings made by Purchaser or its Representatives under Applicable Laws in connection with the Arrangement; and (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;

(i) Purchaser will secure all consents of third parties that are required to permit the inclusion of any reference to their names in, or in relation to, any Purchaser Information included in the Information Circular, including by reason of their names being included in a document incorporated by reference in the Information Circular, or otherwise, and will provide copies of such consents to Company as soon as reasonably practicable;

(j) Purchaser shall promptly advise Company in writing of:

(i) any material breach by Purchaser of any covenant, obligation or agreement contained in this Agreement, or of any investigation, litigation, claim, proceeding or formal complaint related to any of the representations in Section (e) of Schedule "C";

(ii) to the extent permitted by Applicable Laws, any notice or other communication from any Governmental Authority in connection with this Agreement (and Purchaser shall contemporaneously provide a copy of any such written notice or communication to Company);

(iii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement (and Purchaser shall contemporaneously provide a copy of any such written notice or communication to Company);

(iv) any circumstance or development that, to the knowledge of Purchaser, would have a material adverse effect on Purchaser or which might reasonably be expected to impede, interfere with or delay the Arrangement or prevent the completion of the Arrangement; and

(v) any change affecting any representation or warranty provided by Purchaser in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect, and Purchaser shall in good faith discuss with Company any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Purchaser, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Company pursuant to this Section 3.1(j);

(k) Purchaser shall use all commercially reasonable efforts to obtain and maintain all material third party approvals (excluding Regulatory Approvals) required in connection with the transactions contemplated by this Agreement and provide the same to Company on or prior to the Effective Date, including all material third party approvals and confirmations that are required to be obtained under the Purchaser Material Contracts in connection with the Arrangement, on terms that are satisfactory to Company (acting reasonably), and without committing Company to pay any consideration or incur any liability or obligation without the prior written consent of Company;

(l) except as contemplated herein, Purchaser shall not take any action, refrain from taking any action, or permit any action to be taken by it or any of its subsidiaries that would render, or may reasonably be expected to render, any representation or warranty made by Purchaser in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever first occurs;

(m) Purchaser shall promptly notify Company in writing of any change in any representation or warranty provided by Purchaser in this Agreement which change is or may be of such a nature as to

render any representation or warranty misleading or untrue in any material respect and Purchaser shall in good faith discuss with Company any such change in circumstances (actual, anticipated, contemplated, or to the knowledge of Purchaser, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Company pursuant to this provision;

(n) Purchaser shall promptly advise Company in writing of any material breach by Purchaser of any covenant, obligation or agreement contained in this Agreement; and

(o) Purchaser shall provide Company with at least two Business Days' advance notice of any proposed communications (including those to be communicated at any in-person or "town hall" type meetings, and via email correspondence) to Continuing Employees and agrees to act reasonably in considering any comments provided by Company in respect of such communications.

3.2 Additional Covenants of Purchaser

Purchaser further covenants and agrees that:

(a) for a period of six years after the Effective Time, Purchaser shall, or shall cause Company or any successor of Company (including any successor resulting from the winding up or liquidation or dissolution of Company) to, maintain Company's current directors' and officers' insurance policy or an equivalent policy on a "trailing" or "run off" basis, subject in either case to terms and conditions no less advantageous to the directors and officers of Company than those contained in the directors' and officers' policy in effect as of the date hereof ("**Equivalent Insurance**"), for all present and former directors and officers of Company, covering claims made prior to or within six years after the Effective Time; and

(b) if the Arrangement is completed, Purchaser, Company and any successor to Company shall not take any action to terminate or materially adversely affect and will fulfill its obligations pursuant to, any indemnity agreements set out in the Company Disclosure Letter to Purchaser or right to indemnity available in favour of past or present directors and officers of Company pursuant to the provisions of the articles, by-laws or similar constating documents of Company, applicable corporate legislation or written indemnity agreements set out in the Company Disclosure Letter between Company and its past and present directors and officers or any indemnity agreements in favour of current directors and officers of Company that are in place as at the date hereof, and which are set out in the Company Disclosure Letter.

3.3 Covenants of Company

Company covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement, except with the prior written consent of Purchaser (not to be unreasonably withheld, delayed or conditioned), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

(a) Company will use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as practicable, to the extent the satisfaction of the same is within the control of Company;

(b) Company will forthwith carry out the terms of the Interim Order and the Final Order;

(c) Company will make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, if applicable, required to be made on the part of Company in connection with the transactions contemplated herein and shall take all commercially reasonable action necessary to be in compliance with such Applicable Laws;

(d) Company will continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default under the Applicable Canadian Securities Laws where it is a reporting issuer at the date hereof;

(e) Company will maintain the listing of the Company Shares on the TSX;

(f) Company will use all commercially reasonable efforts to obtain any Regulatory Approvals required by it in connection with the Arrangement as soon as is practicable;

(g) Company will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement and the transactions contemplated hereby;

(h) Company will provide Purchaser with all information and documentation reasonably requested in connection with obtaining the Regulatory Approvals;

(i) the business of Company shall be conducted only in, and Company shall not take any action except in, the usual and ordinary course of business consistent with past practices and in accordance with good business practices, and Company shall use all commercially reasonable efforts to maintain and preserve its business, assets, properties, goodwill and employees and business relationships with suppliers, distributors, customers, joint venture partners and others having business relationships with it and shall, subject to Section 3.6, keep Purchaser apprised of all material developments in the ongoing business and affairs of Company;

(j) Company shall not, directly or indirectly do, or permit to occur, any of the following:

 (i) amend its constating documents;

 (ii) declare, set aside or pay any cash or non-cash dividend or make any other cash or non-cash payment or distribution in respect of its outstanding securities;

 (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Company Shares, Company Incentive Awards or other securities of Company, including securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Company Shares, other than: (A) the issuance of Company Shares pursuant to the exercise of Company Options outstanding on the date hereof in accordance with their terms or pursuant to this Agreement or the Plan of Arrangement; and (B) the issuance of not more than 130,000 Company DSUs to the existing directors of Company;

 (iv) redeem, purchase or otherwise acquire any of the outstanding Company Shares or other securities including under any normal course issuer bid;

 (v) amend the terms of any of its securities, including the Company Options and the Company Incentive Awards, without the prior written consent of Purchaser, other than to accelerate the vesting of any unvested Company Options or Company Incentive Awards in accordance with this Agreement and the terms of the applicable incentive plans;

 (vi) split, combine or reclassify any of the Company Shares;

 (vii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation, reorganization or arrangement or similar action of Company;

 (viii) reduce the stated capital of any shares of Company; or

(ix) enter into or modify any Contract, commitment or arrangement with respect to any of the foregoing;

(k) Company shall not, directly or indirectly, do or permit to occur any of the following:

(i) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets (other than the sale of production of natural gas, oil and natural gas liquids in the ordinary course of business consistent with past practice) having a market value, or consideration, individually in excess of $50,000;

(ii) except as disclosed in the Company Disclosure Letter, expend or commit to expend any single capital expenditures in excess of $100,000 with the exception of the commitments contemplated by the capital spending program of Company as set out in the Company Disclosure Letter and provided that, in the case of capital expenditures expended to address emergencies or other urgent matters involving the potential loss or damage to property or personal safety, Purchaser's consent shall not be required where it cannot be received in a reasonably expedient manner;

(iii) except as disclosed in the Company Disclosure Letter, with the exception of the operating costs contemplated by the operating budget of Company as set out in the Company Disclosure Letter, expend or commit to expend any single amount more than $100,000 with respect to any operating expenses and provided that, any such expenses are in the ordinary course of Company's business consistent with past practice and provided that, in the case of operating expenditures expended to address emergencies or other urgent matters involving the potential loss or damage to property or personal safety, Purchaser's consent shall not be required where it cannot be received in a reasonably expedient manner;

(iv) reorganize, amalgamate, merge or otherwise combine Company with any other Person;

(v) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;

(vi) acquire or dispose of any assets with the exception of the commitments contemplated by the capital spending plan of Company;

(vii) incur, extend, renew, replace or use any indebtedness for borrowed money or any other liability or obligation, or issue any debt securities or letters of credit or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances, or commit to do any of the foregoing, other than:

(A) amounts contemplated in relation to the payment of Company Transaction Costs;

(B) amounts otherwise permitted under this Section 3.3(k); and

(C) related drawdowns on the Company Revolving Facility;

(viii) except as disclosed in the Company Disclosure Letter, substitute or replace any letter of credit with guarantees, bonds, indemnities, other letters of credit or similar credit support;

(ix) replace, prepay or collateralize any outstanding letter of credit by the issuance of a standby letter of credit to the issuer of such outstanding letter of credit;

(x) authorize, recommend or propose any release or relinquishment of any right under any Company Material Contract;

(xi) waive, release, grant or transfer any rights of value or modify or materially change in any respect any existing Company Material Contract or any material license, lease or other material document;

(xii) surrender, release or abandon the whole or any part of the Company Assets;

(xiii) enter into any non-arm's length Contracts or transactions, including with any affiliates, officer, director, employee, consultant or contractor of Company or its affiliates, except as expressly contemplated in this Agreement;

(xiv) enter into or terminate any new strategic alliances, partnerships or joint ventures;

(xv) pay, discharge or satisfy any material claims, liabilities or obligations if any single proposed settlement exceeds $25,000;

(xvi) make any changes to its existing accounting policies other than as required by Applicable Laws or IFRS; or

(xvii) except as disclosed in the Company Disclosure Letter, authorize or propose any of the foregoing, or enter into or modify any Contract, agreement, commitment or arrangement to do any of the foregoing;

(l) Company shall not:

(i) hire, retain or terminate the services of any executive officer or director other than for cause;

(ii) grant any salary increase;

(iii) take any action with respect to the amendment or grant of any "change of control", severance, termination pay, pay in lieu of notice of termination or retention policies or arrangements for any directors, officers (including Executive Employees), employees or contractors;

(iv) adopt any new bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock option plan, fund or arrangement for the benefit of employees, directors or contractors;

(v) amend any incentive plan or the terms of any outstanding rights thereunder or issue any additional Company Options or Company Incentive Awards or any other securities of Company, except for the issuance of Company Shares on the exercise of Company Options outstanding as at the date hereof; or

(vi) advance any loan to any employee, consultant, contractor, officer, director or any other Person;

(m) except so as to permit the acceleration of the vesting and payment pursuant to the Company Incentive Plans and this Agreement, Company shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, option, common share, deferred compensation, insurance, incentive compensation, other compensation or other similar plan (or amend any outstanding rights thereunder), agreement, common share incentive or purchase plan, fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;

(n) Company shall withhold from any payment made to any of its present or former employees, officers or directors in respect of any payments contemplated by this Agreement including in connection with the exercise, cancellation or surrender of Company Options and Company Incentive Awards and payment of the Company Employee Costs, if any, all amounts required by law or administrative practice to be withheld by it on account of Taxes and other source deductions and Company shall remit such withheld amount to the proper Governmental Authority within the time required by such Applicable Laws;

(o) Company shall use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing satisfactory to Purchaser, acting reasonably, providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect, and Company will pay all premiums in respect of such insurance policies that become due after the date hereof;

(p) except as contemplated herein, Company shall not take any action, refrain from taking any action, or permit any action to be taken by it that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever first occurs;

(q) Company shall promptly advise Purchaser in writing of:

(i) to the extent permitted by Applicable Laws, any notice or other communication from any Governmental Authority in connection with this Agreement (and Company shall contemporaneously provide a copy of any such written notice or communication to Purchaser);

(ii) any material Governmental Authority or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated) in respect of Company or the Arrangement;

(iii) all material matters relating to material claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations pending or, to the knowledge of Company, threatened, against Company or related to the Arrangement;

(iv) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement (and Company shall contemporaneously provide a copy of any such written notice or communication to Purchaser);

(v) any circumstance or development that, to the knowledge of Company, would have a Material Adverse Effect;

(vi) any material breach by Company of any covenant, obligation or agreement contained in this Agreement, or of any investigation, litigation, claim, proceeding or formal complaint related to any of the representations in Section (e) of Schedule "D";

(vii) any change affecting any representation or warranty provided by Company in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect;

(viii) any change in any fact or matter disclosed in writing (including in the Company Disclosure Letter) or included in any of the information provided to Purchaser and its Representatives in the course of their evaluation of Company which would reasonably be considered material to Purchaser in the context of this Agreement or which might materially impede the ability of Company to consummate the transactions contemplated hereby; except that the delivery of any such notification will not modify, amend or supersede any fact or matter disclosed in writing (including in the Company Disclosure Letter) or included in such information or any representation or warranty of Company contained in this Agreement or in any certificate or other instrument delivered in connection herewith and will not affect any right of Purchaser hereunder; and

(ix) any material change (actual, anticipated, contemplated or, to the knowledge of Company, threatened, financial or otherwise) in the business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Company,

and Company shall in good faith discuss with Purchaser any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Company, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Purchaser pursuant to this Section 3.3(q);

(r) Company shall use all commercially reasonable efforts to obtain and maintain all material third party approvals (excluding Regulatory Approvals) required in connection with the transactions contemplated by this Agreement and provide the same to Purchaser on or prior to the Effective Date, including all material third party approvals and confirmations that are:

(i) required to be obtained under the Company Material Contracts in connection with the Arrangement; or

(ii) required in order to maintain the Company Material Contracts in full force and effect following completion of the Arrangement,

in each case, on terms that are satisfactory to Purchaser (acting reasonably), and without paying, and without committing itself or Purchaser to pay, any consideration or incur any liability or obligation without the prior written consent of Purchaser; provided that, for clarity, the foregoing shall not oblige Company to pay any such consideration or incur any such liability or obligation;

(s) Company shall assist Purchaser in structuring, planning and implementing any action to be taken with respect the Company Operating Facility and the Company Revolving Facility as Purchaser may reasonably request, including:

(i) the delivery to Purchaser of an executed payout letter (the "**Company Payout Letter**") from its syndicate of banks, led by TD Bank, as agent, setting forth the aggregate amount

outstanding under the Company Operating Facility and the Company Revolving Facility as at the Effective Date, which would be required to repay or cash collateralize in full all obligations, liabilities and indebtedness of Company under the Company Operating Facility and the Company Revolving Facility and which payout letter shall contain a release and discharge of all liens and security interests granted by Company in connection therewith (other than those in respect of cash collateral required in respect of letters of credit, bankers' acceptances and other obligations, liabilities and indebtedness that cannot be repaid early by their terms) and a termination of the Company Operating Facility and the Company Revolving Facility and all documents related thereto including forms of registrable discharges (other than those related to the foregoing cash collateral arrangements and indemnities which, by their terms, survive termination), which releases, discharges and termination shall be conditional solely upon receipt by its syndicate of banks, led by TD Bank, as agent, of the amounts referenced in the Company Payout Letter;

(ii) the issuance of prepayment notices by Company prior to (but conditional upon) Effective Date; and

(iii) use all commercially reasonable efforts to facilitate arrangements for the transfer or assignment of outstanding letters of credit under the Company Operating Facility and the Company Revolving Facility at (but conditional upon) the Effective Date;

in each case, as may be reasonably determined by Purchaser, and shall cooperate in good faith with Purchaser and its advisors to determine the nature of such actions; provided, however, that no such actions shall require Company to make effective any amendments, incur any costs that are not paid for or reimbursed by Purchaser or make any payments in respect of the Company Operating Facility or the Company Revolving Facility if the Arrangement is not consummated;

(t) subject to Purchaser's compliance with Section 2.4(a), Company shall ensure that the Company Information included in the Information Circular complies with Applicable Laws and, without limiting the generality of the foregoing, that the Company Information will not contain a Misrepresentation;

(u) Company will promptly provide to Purchaser, for review by Purchaser and its counsel, prior to filing or issuance of the same, any proposed public disclosure document, including any news release or material change report, subject to Company's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and Purchaser agrees to keep such information confidential until it is filed as part of the Company Public Record;

(v) Company shall provide notice to Purchaser of the Company Meeting and allow Purchaser's Representatives and legal counsel to attend such Company Meeting;

(w) Company shall indemnify and save harmless Purchaser and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Purchaser, its affiliates or subsidiaries or their respective directors, officers, employees, advisors or agents may be subject or which Purchaser, its affiliates or subsidiaries or their respective directors, officers, employees, advisors or agents may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation or alleged Misrepresentation contained solely in the Company Information included in the Information Circular or in any material filed by Company in compliance or intended compliance with any Applicable Laws; and

(ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a Material Fact or any Misrepresentation or any alleged Misrepresentation in the Company Information included in the Information Circular or in any material filed by or on behalf of Company in compliance or intended compliance with Applicable Canadian Securities Laws;

except that Company shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation based solely on the Purchaser Information included in the Information Circular;

(x) subject to Section 10.4, except for proxies, other voting instruction forms and other non-substantive communications with securityholders, Company will furnish promptly to Purchaser or Purchaser's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Company in connection with: (i) the Arrangement; (ii) the Company Meeting; (iii) any filings under Applicable Laws in connection with the Agreement; and (iv) any dealings with Governmental Authorities in connection with the transactions contemplated hereby;

(y) management of Company shall:

(i) solicit proxies to be voted at the Company Meeting:

(A) in favour of matters to be considered at the Company Meeting, including the Arrangement Resolution, and

(B) against any resolution submitted by any Person that is inconsistent with, or which seeks (without Purchaser's consent) to hinder or delay the Arrangement Resolution and the completion of the transactions contemplated by this Agreement,

including, in a commercially reasonable manner, using the services of soliciting dealers or proxy solicitation services if consented to, or if requested, by Purchaser, in each case acting reasonably (it being acknowledged by Purchaser that Company may engage Gryphon Advisors Inc. without the requirement of further consent); provided that, if Purchaser requests proxy solicitation services, it shall bear the costs of such services;

(z) Company will provide Purchaser with copies of or access to information regarding the Company Meeting generated by any soliciting dealer or other Person engaged to solicit proxies, as may be reasonably requested by Purchaser from time to time;

(aa) Company shall promptly inform Purchaser of any communication (written or oral) received by Company or its Representatives from Company Securityholders in opposition to the Arrangement or the transactions contemplated in this Agreement;

(bb) Company will not amend, supplement or modify the engagement of its financial advisors, and other than RBC Dominion Securities Inc., TD Securities Inc. and Raymond James Ltd., neither Company nor the Company Board shall retain any financial advisor, broker, agent or finder, or pay or agree to pay or have Purchaser pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated;

(cc) Company shall use reasonable commercial efforts to obtain:

(i) resignations and mutual releases from each of its directors effective, in form and substance satisfactory to Purchaser, acting reasonably; and

(ii) the releases contemplated by Section 2.6(d);

(dd) Company shall continue to withhold from each payment to be made to any of its present or former employees (which includes officers) and directors and to all other Persons including all Persons who are non-residents of Canada for the purposes of the ITA, all amounts that are required to be so withheld by any Applicable Laws and Company shall remit such withheld amounts to the proper Governmental Authority within the times prescribed by such Applicable Laws;

(ee) Company shall: (i) duly and on a timely basis file all Tax Returns required to be filed by it and all such Tax Returns will be true, complete and correct in all material respects; (ii) timely pay all Taxes which are due and payable unless validly contested; (iii) not make or rescind any material express or deemed election relating to Taxes, file any amended Tax Returns or make any Tax filings outside the ordinary course of business; (iv) not make a request for a Tax ruling or enter into a settlement agreement with any Governmental Authority; (v) not agree to any extension of time for the filing of any Tax Returns or with respect to the assessment or reassessment of Taxes; (vi) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; (vii) not change in any material respect any of its methods of reporting income, deductions or accounting for Tax purposes from those employed in the preparation of its Tax Returns for a taxation year ending in 2019 and prior to the date of this Agreement; and (viii) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with past practice and in the ordinary course of business, for all Taxes accruing in respect of Company which are not due or payable prior to the Effective Date;

(ff) Company will secure all consents of third parties that are required to permit the inclusion of any reference to their names in, or in relation to, any Company Information included in the Information Circular, including by reason of their names being included in a document incorporated by reference in the Information Circular, or otherwise, and will provide copies of such consents to Purchaser as soon as reasonably practicable;

(gg) Company shall advise Purchaser, as Purchaser may request, and on a daily basis on each of the last ten Business Days prior to the proxy cut-off date for the Company Meeting, as to the aggregate tally of the proxies received by Company in respect of the Arrangement Resolution and any other matters to be considered at the Company Meeting;

(hh) Company shall make all filings and applications under Applicable Laws that are required to be made by it in connection with the Arrangement and shall take all reasonable commercial action necessary to be in compliance, in all material respects, with such Applicable Laws;

(ii) Company shall ensure that it has, and will maintain until the date specified for payment in Section 6.2, access to sufficient funds under the Company Operating Facility or the Company Revolving Facility to permit the payment of the Purchaser Termination Fee having regard to its other liabilities and obligations, and will take all such actions as may be necessary to ensure that it maintains such access to ensure that it is able to pay such amount if and when required;

(jj) Company shall ensure that it has, and will maintain until the Effective Time, access to sufficient funds under the Company Operating Facility or the Company Revolving Facility to pay the aggregate cash consideration to be paid to the holders of Company Incentive Awards under the Arrangement and the Plan of Arrangement;

(kk) Company shall convene and conduct the Company Meeting in accordance with the Interim Order and as otherwise required by the by-laws of Company, any instrument governing the Company Meeting and Applicable Laws (as any of the foregoing may be amended by the Interim Order); and

(ll) Company shall promptly advise Purchaser of the number of Company Shares for which Company receives notices of dissent or written objections to the Arrangement and provide Purchaser with copies of such notices and written objections, and subject to Applicable Laws, shall provide Purchaser with an opportunity to review and comment upon any written communications proposed to be sent by or on behalf of Company to any registered Company Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and reasonable consideration shall be given to any comments made by Purchaser and its counsel prior to sending any such written communications. Company shall not settle any claims with respect to Dissent Rights without the prior written consent of Purchaser (such consent not to be unreasonably withheld).

3.4 Mutual Covenants Regarding the Arrangement

From the date of this Agreement until the Effective Date or termination of this Agreement, each of Purchaser and Company will use all commercially reasonable efforts to: (i) satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder; (ii) not take, or cause to be taken, any action or cause anything to be done that would cause such conditions or obligations not to be fulfilled in a timely manner; and (iii) take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement as soon as reasonably practicable, including using all commercially reasonable efforts:

(a) to complete the Arrangement on or before October 30, 2020;

(b) to promptly:

(i) effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected by it in connection with the Arrangement, and to obtain and maintain all necessary waivers, consents and approvals from third parties required to be obtained by it, including from parties to loan agreements, leases and other Contracts, in connection with the Arrangement;

(ii) obtain and maintain all waivers, consents and approvals from other parties to loan agreements, leases and other Contracts to which it is a party that are required to permit the completion of the Arrangement on the terms contemplated hereby or that are reasonably expected to be required to maintain the material Contracts in full force and effect following the Effective Time, in each case on terms that are reasonably satisfactory to the Parties;

(iii) obtain all necessary consents, assignments, waivers and amendments to, or terminations of, any instruments or other documents to which it is a party, or by which it is bound, that may be necessary to permit it to carry out the transactions contemplated by this Agreement and to take such other steps and actions as may be necessary or appropriate to fulfill its obligations hereunder;

(iv) obtain all necessary exemptions, consents, approvals and authorizations as are required by it under all Applicable Laws;

(v) oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or

cause to be defended, all lawsuits or other legal, regulatory or other proceedings to which it is a party or brought against it or its directors or officers challenging or affecting the Arrangement or this Agreement or the consummation of the transactions contemplated hereby; and

(c) to cooperate with each other in taking, or causing to be taken, all actions necessary to delist the Company Shares from the TSX; provided, however, that such delisting will not be effective until after the Effective Time.

Each of Purchaser and Company will use all commercially reasonable efforts to cooperate with the other in connection with the performance by the other of its obligations under this Section 3.4 and this Agreement including continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Purchaser and Company, subject in all cases to the Confidentiality Agreement.

3.5 Regulatory Approvals (Including Competition Act Clearance)

(a) As promptly as practicable or advisable, but in any event no later than ten Business Days after the date of this Agreement, Purchaser shall, with the assistance of and in consultation with Company, prepare and file a request for an Advance Ruling Certificate under section 102 of the Competition Act or, in the alternative, a No Action Letter under section 113 of the Competition Act. Upon the written request by either Party, both Purchaser and Company shall each file a notification under Part IX of the Competition Act within ten Business Days after such written request is made.

(b) In connection with obtaining the Regulatory Approvals (including the Competition Act Clearance), each of the Parties shall, and shall cause their respective affiliates, to:

(i) use all commercially reasonable efforts, including by cooperating with one another and providing such assistance to one another as the other Party may reasonably request in connection with obtaining the Regulatory Approvals (including the Competition Act Clearance) as soon as reasonably practicable and, in any event, no later than the Outside Date;

(ii) respond at the earliest practicable date to any requests for information (including in respect of any submissions or supplementary information requests) or requests for meetings by any Governmental Authority, including the Commissioner;

(iii) permit the other Party an advance opportunity to review and comment upon any proposed written communications to any Governmental Authority, including the Commissioner, consider in good faith the comments of the other Party, and provide the other Party with final copies thereof;

(iv) provide the other Party a reasonable opportunity to participate in any meetings or discussions (whether in person, by e-mail, by telephone or otherwise) with any Governmental Authority, including the Commissioner (except where the Governmental Authority expressly requests that a Party should not be present at the meeting or discussion or part or parts of the meeting or discussion);

(v) keep the other Party informed of the status of the Regulatory Approval (including the Competition Act Clearance) and promptly notify the other Party of receipt of any communications (oral or written) of any nature from a Governmental Authority, including the Commissioner, and provide the other Party with copies thereof; and

(vi) refrain from extending or consenting to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Authority, including the Commissioner, to not consummate the transactions contemplated by this Agreement, except upon the prior written consent of the other Party.

(c) Each of Purchaser and Company shall use all commercially reasonable efforts, including taking or causing to be taken such actions as are necessary, proper or advisable to obtain the Regulatory Approvals (including the Competition Act Clearance) and eliminate any other impediment under the Competition Act so as to enable the Parties to close the transactions contemplated by this Agreement as promptly as practicable, and in any event no later than the Outside Date; provided, however, Purchaser shall not be required to divest or hold separate business or assets of Purchaser or Company or to take a measure or behavioural remedy which may be necessary to secure the Competition Act Clearance.

(d) Notwithstanding any requirement in this Section 3.5 or any other provision in this Agreement, where a Party is required to provide information to the other Party that the disclosing Party deems to be competitively sensitive, the disclosing Party may restrict the provision of such competitively sensitive information only to the external legal counsel of the other Party, provided that the disclosing Party also provides a redacted version of any such information to the other Party.

(e) Purchaser and Company shall each pay 50% of any filing fee payable to any Governmental Authority in connection with the Competition Act Clearance.

3.6 Provision of Information and Integration of Operations

Until the Effective Date or termination of this Agreement, Company shall:

(a) provide Purchaser and its Representatives access, during normal business hours to its premises (including field offices and sites), assets, books, contracts, records, computer systems, properties, employees and management personnel, of Company; and

(b) furnish to Purchaser all information concerning its business, properties and personnel as Purchaser may reasonably request to permit Purchaser to be in a position to integrate the business and operations of Company expeditiously and efficiently with those of Purchaser immediately but not prior to the Effective Date.

Notwithstanding any requirement in this Section 3.6, Company is not required to provide information hereunder that Company deems, in its sole discretion, to be competitively sensitive information (provided that, Company acknowledges and agrees that Purchaser's external counsel may have access to such information on a privileged and confidential basis in connection with obtaining the Regulatory Approvals), would violate Applicable Laws or is subject to any confidentiality and other contractual provisions. Further, Company shall not be required to provide access to Purchaser or any of its Representatives if it reasonably determines that such access would interfere unreasonably with the conduct of the business of Company.

3.7 Pre-Arrangement Reorganization

(a) Subject to Section 3.7(b), Company agrees that, upon request of Purchaser, Company shall use its commercially reasonable efforts to:

(i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as Purchaser may request, acting reasonably (each, a "**Pre-Arrangement Reorganization**");

(ii) cooperate with Purchaser and its advisors to determine the nature of the Pre-Arrangement Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken; and

(iii) cooperate with Purchaser and its advisors to seek to obtain consents or waivers which might be required from Company's lenders under the Company Revolving Facility and the Company Operating Facility in connection with the Pre-Arrangement Reorganizations, if any,

on the condition that any costs, fees or expenses associated with the matters contemplated by Sections 3.7(a)(i), 3.7(a)(ii) and 3.7(a)(iii) shall, subject to Section 3.7(f), be at Purchaser's sole expense, whether such Pre-Arrangement Reorganizations are completed or not and, for clarity, will not be considered to be Company Transaction Costs.

(b) Notwithstanding the foregoing, Company will not be obligated to participate in any Pre-Arrangement Reorganization under Section 3.7(a) unless it determines to its satisfaction, acting reasonably, that such Pre-Arrangement Reorganization:

(i) does not impair, impede, delay or prevent the satisfaction of any conditions set forth in Article 5, or the ability of Company or Purchaser to consummate, and will not materially delay the consummation of, the Arrangement;

(ii) does not require Company to obtain the approval of any Company Shareholder (or, after the mailing of the Information Circular, any amendment thereto);

(iii) does not reduce or modify the consideration to be received under the Arrangement by any Company Securityholder;

(iv) would not require Company to contravene any Applicable Laws;

(v) will not result in any Taxes being imposed on, or any Tax or other consequences to, Company or the Company Securityholders;

(vi) will not have a material adverse effect on Company or its business or assets, and

(vii) is effected as close as reasonably practicable prior to the Effective Time.

(c) Purchaser must provide written notice to Company of any proposed Pre-Arrangement Reorganization at least ten Business Days prior to the Effective Date. Upon receipt of such notice, Company and Purchaser shall work cooperatively and use their commercially reasonable efforts to prepare, prior to the Effective Time, all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization, including any amendment to the Plan of Arrangement (on the condition that such amendments do not require Company to obtain approval of the Company Shareholders).

(d) Purchaser hereby waives any breach of a representation, warranty or covenant by Company, where such breach is a result of an action taken by Company in good faith pursuant to a request by Purchaser in accordance with this Section 3.7.

(e) Company shall have no obligations under this Section 3.7 if it has reasonable grounds for believing that the Arrangement may not be completed.

(f) If the Pre-Arrangement Reorganization is completed but the Arrangement is not completed and:

(i) this Agreement is terminated by Purchaser pursuant to Sections 8.1(a)(iv) or 8.1(a)(vi) or by Company pursuant to Section 8.1(a)(vii), Company shall not be entitled to the indemnification provisions of Section 3.7(f)(ii) or the reimbursement provisions of 3.7(g); and

(ii) this Agreement is terminated other than by Purchaser pursuant to Sections 8.1(a)(iv) or 8.1(a)(vi) or other than by Company pursuant to Section 8.1(a)(vii), Purchaser shall indemnify Company from any and all Taxes, costs, expenses and liabilities, including reasonable legal fees on a full indemnity basis (without reduction for tariff rates or similar reductions), which may be suffered by Company as a result of, or arising out of or in connection with or relating to, the Pre-Arrangement Reorganization.

(g) Purchaser will be responsible for all reasonable costs and expenses of Company incurred in connection with any Pre-Arrangement Reorganization and will make payment of same to Company within three Business Days of a request therefor, provided that Company shall provide Purchaser with reasonable particulars and supporting documentation in respect of such costs and expenses in advance of any payment.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Purchaser

Purchaser hereby makes to Company the representations and warranties set forth in Schedule "C", and acknowledges that Company is relying on such representations and warranties in connection with the entering into of this Agreement and the carrying out of the Arrangement.

4.2 Representations and Warranties of Company

Company hereby makes to Purchaser the representations and warranties set forth in Schedule "D", and acknowledges that Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the Arrangement.

4.3 Privacy Issues

(a) For the purposes of this Section 4.3, the following definitions shall apply:

(i) "**applicable privacy laws**" means any and all Applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta);

(ii) "**authorized authority**" means, in relation to any Person, transaction or event, any: (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and (D) other body

or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and

(iii) "**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred in accordance with this Agreement and/ or as a condition of the Arrangement.

(b) The Parties acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless: (i) either Party shall have first notified such individual of such additional purpose, and where required by Applicable Laws, obtained the consent of such individual to such additional purpose; or (ii) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual.

(d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining whether the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.

(e) Each Party acknowledges and confirms that it has taken and shall continue to take reasonable steps to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each Party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access such information.

(g) Where authorized by Applicable Laws, each Party shall promptly notify the other Party of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by Applicable Laws, the Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of the Party with original custody and control of the Disclosed Personal Information, the other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the Party with original custody and control of the Disclosed Personal Information, or at such Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived, in whole or in part, by either Party (with respect to such Party) in its sole discretion at any time and without prejudice to any other rights that such Party may have:

(a) Interim Order. The Interim Order shall have been obtained in form and substance satisfactory to each of Purchaser and Company, acting reasonably, on terms consistent with the Arrangement and such order shall not have been set aside or materially modified in a manner unacceptable to Purchaser and Company, each acting reasonably, on appeal or otherwise.

(b) Arrangement Resolution. The Arrangement Resolution shall have been passed by the Company Securityholders in accordance with the Interim Order by the Outside Date.

(c) Final Order. The Final Order shall have been granted by the Outside Date in form and substance satisfactory to Purchaser and Company, acting reasonably, on terms consistent with the Arrangement and such order shall not have been set aside or materially modified in a manner unacceptable to Purchaser and Company, acting reasonably, on appeal or otherwise.

(d) Articles of Arrangement. The Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Purchaser and Company, acting reasonably.

(e) Competition Act Clearance. The Competition Act Clearance has been obtained and shall be in full force and effect.

(f) Regulatory Approvals. All Regulatory Approvals (other than the Competition Act Clearance) required to be obtained or that the Parties mutually agree in writing to obtain in respect of the completion of the Arrangement, and the expiry of applicable waiting periods necessary to complete the Arrangement, shall have occurred or been obtained on terms and conditions acceptable to the Parties, each acting reasonably.

(g) Outside Date. The Effective Date shall be on or before the Outside Date.

(h) No Actions. There shall be no action taken, pending or threatened under any existing Applicable Laws, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority:

   (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the Arrangement.

5.2 Additional Conditions to Obligations of Purchaser

The obligation of Purchaser to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Company set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality or by the expression "Material Adverse Change" or "Material Adverse Effect", true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of such earlier date), except where any failure or failures of any such representations to be so true and correct would not, individually or in the aggregate, would not have or would not reasonably be expected to have a Material Adverse Effect, except it being understood the number of Company Shares outstanding may increase from the number outstanding on the date of this Agreement solely as a result of the conversion of securities of Company convertible into Company Shares, and that the number of Company DSUs, Company PSUs and Company RSUs may change due to their vesting, expiry or termination in accordance with their terms, and Company shall have provided to Purchaser a certificate of two senior officers of Company certifying the foregoing on the Effective Date; provided that, Company shall be entitled to cure any breach of a representation or warranty within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(b) Covenants. Company shall have complied in all material respects with its covenants herein, and Company shall have provided to Purchaser a certificate of two senior officers certifying compliance with such covenants; provided that, Company shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken against Company before or by any Governmental Authority or by any elected or appointed public official or private Person. in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive, whether or not having the force of law, shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Purchaser, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect.

(d) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Company.

(e) Company Board and Company Securityholders. Company shall have furnished Purchaser with:

(i) a certified copy of the resolutions duly passed by the Company Board approving this Agreement and the consummation of the transactions contemplated hereby; and

(ii) a certified copy of the resolution of the Company Securityholders, duly passed at the Company Meeting, approving the Arrangement Resolution.

(f) Number of Employees. Immediately prior to the Effective Time, excluding the Executive Employees, Company shall have no more than 65 employees.

(g) Outstanding Company Shares. Immediately prior to the Effective Time, not more than 160,995,692 Company Shares (prior to giving effect to any Company Shares issued on the exercise of Company Options outstanding as at the date of this Agreement) shall be issued and outstanding.

(h) Payout Value of Company Incentive Awards. The payout value of all vested Company Incentive Awards outstanding immediately prior to the Effective Time shall not, in the aggregate, exceed $[redacted].

(i) Certain Costs and Expenses. Immediately prior to the Effective Time:

(i) the Executive Employee Termination Packages (including accrued vacation payouts) shall not exceed $[redacted] in aggregate;

(ii) the Company Employee Costs, if any, shall not exceed $[redacted] in aggregate;

(iii) the Company Transaction Costs shall not exceed $[redacted] (exclusive of applicable Taxes) in aggregate; and

(iv) the Seismic Change of Control Payment shall not exceed $[redacted] (exclusive of applicable Taxes) in aggregate.

(j) Indebtedness. As at June 30, 2020, not more than $148,447,466, in aggregate, was drawn on the Company Operating Facility and the Company Revolving Facility, such amount being comprised of $157,000,000 bankers' acceptance, netted by $7,782,457 in cash and $770,077 of prepaid bankers' acceptance fees.

(k) Supplemental Note Indenture and Supplemental Debenture Indenture. The Supplemental Note Indenture and the Supplemental Debenture Indenture (each as defined in the Company Noteholder and Debentureholder Consent Agreement) shall have been entered into by Company and TSX Trust Company and shall be in full force and effect.

(l) Dissent Rights. Holders of not greater than 5% of the outstanding Company Shares shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

The conditions in this Section 5.2 are for the exclusive benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances or may be waived by Purchaser in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Purchaser may have.

5.3 Additional Conditions to Obligations of Company

The obligation of Company to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality or by the expression "material adverse change" or "material adverse effect", true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations

and warranties speak as of an earlier date, the accuracy of which shall be determined as of such earlier date), except where any failure or failures of any such representations to be so true and correct would not, individually or in the aggregate, would not have or would not reasonably be expected to have a material adverse effect on Purchaser (and, for this purpose, any reference to "material", "material adverse effect", "material adverse change" or any other concepts of materiality shall be ignored), and Purchaser shall have provided to Company a certificate of two senior officers of Purchaser certifying the foregoing on the Effective Date; provided that, Purchaser shall be entitled to cure any breach of a representation or warranty within five Business Days after receipt of written notice thereof from Company (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(b) Covenants. Purchaser shall have complied in all material respects with its covenants herein, and Purchaser shall have provided to Company a certificate of two senior officers certifying compliance with such covenants; provided that, Purchaser shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Company (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

(c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken against Purchaser before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive, whether or not having the force of law, shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Company, acting reasonably, in either case has had or, if the Arrangement was consummated, would materially impede the ability of the Parties to complete the Arrangement in accordance with its terms.

(d) Board Approval. Purchaser shall have furnished Company with a certified copy of the resolutions duly passed by the Purchaser Board approving this Agreement and the consummation of the transactions contemplated hereby.

(e) Payment of Consideration. Purchaser shall have deposited, or caused to be deposited, with the Depositary, sufficient funds to satisfy Purchaser's obligations under Section 2.10 and the Depositary will have confirmed to Company receipt from or on behalf of Purchaser of the funds contemplated by Section 2.10.

The conditions in this Section 5.3 are for the exclusive benefit of Company and may be asserted by Company regardless of the circumstances or may be waived by Company in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Company may have.

5.4 Notice and Effect of Failure to Comply with Conditions

Each of Purchaser and Company shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by either Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

Purchaser may not exercise its right to terminate this Agreement pursuant to Section 8.1(a)(iv), and Company may not exercise its right to terminate this Agreement pursuant to Section 8.1(a)(v), unless the Party

seeking to terminate the Agreement (the "**Terminating Party** ") has delivered a written notice (the "**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for the termination right. If any such notice is delivered, provided that, the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (it being agreed that matters arising out of any deliberate, wilful or intentional breaches are not capable of being cured), the Party seeking to terminate may not exercise such termination right until the earlier of: (a) the Outside Date; and (b) the date that is five Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, Company shall postpone or adjourn the Company Meeting to the earlier of: (a) three Business Days prior to the Outside Date; and (b) the date that is ten Business Days following receipt of such Termination Notice by the Breaching Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6
NON-SOLICITATION AND AGREEMENT AS TO DAMAGES

6.1 Covenants Regarding Non-Solicitation

(a) Company shall immediately cease and cause to be terminated all existing solicitations, discussions and negotiations (including, without limitation, through any of its Representatives), with any parties (other than Purchaser) initiated or conducted before the date of this Agreement with respect to any proposal that constitutes, or may reasonably be expected to constitute an Acquisition Proposal. Company represents and warrants that it has not waived, amended or failed to enforce any standstill provisions contained in a confidentiality agreement or otherwise for any Person other than Purchaser. Company shall: (i) enforce against all third parties, other than Purchaser, any confidentiality, standstill or similar agreement or restriction to which Company is a party (and shall not provide any consent that would relieve any such third party from any such restriction); provided that it is acknowledged by Purchaser that the automatic termination or release of any such agreement or restriction solely as a result of entering into this Agreement shall not be a violation of this Article 6); and (ii) immediately discontinue, and shall cause its Representatives to discontinue, access to any of Company's confidential information and not allow or establish access to any of its confidential information, or any data room, virtual or otherwise and shall promptly request, to the extent that it is entitled to do so, and exercise all rights it has to discontinue access to, and require the return or destruction of, all information provided to any third parties who have entered into a confidentiality agreement with Company relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured.

(b) Company shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(i) solicit, assist, initiate or knowingly facilitate or encourage or take any action to solicit or knowingly facilitate, initiate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including by way of furnishing information or access to properties, facilities or books and records;

(ii) enter into or otherwise engage or participate in any discussions or negotiations regarding any inquiry, proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, or furnish or provide access to any information with respect to its businesses, properties, operations, prospects, securities or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

(iii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to Purchaser, the Company Board Recommendation, except in the manner contemplated by Section 6.1(g);

(iv) waive, modify or release any third party from or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive, modify, release any third party from, or provide any consent to any third party under, or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; provided that it is acknowledged by Purchaser that the automatic termination or release of any such agreement or restriction solely as a result of entering into this Agreement shall not be a violation of this Article 6; or

(v) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse, or take no position or a neutral position with respect to, any Acquisition Proposal; or

(vi) otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal;

provided however, that notwithstanding the foregoing provisions of Section 6.1(a) or this Section 6.1(b), Company and its Representatives may:

(vii) at any time prior to obtaining the approval of the Company Securityholders of the Arrangement Resolution, enter into or participate in any discussions or negotiations with an arm's length third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Company or any of its Representatives) seeks to initiate such discussions or negotiations with Company that do not result from a breach of this Section 6.1 and, subject to execution of a confidentiality and standstill agreement on terms that are no less favourable to Company than those contained in the Confidentiality Agreement (provided that, such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Purchaser as set out below and shall not grant such third party the exclusive right to negotiate with Company), may furnish to such third party information concerning Company and its business, properties and assets (on the condition that such third party is not furnished with greater access or information than Purchaser), in each case if, and only to the extent that:

  (A) the third party has first made a written *bona fide* Acquisition Proposal which did not result from a breach of this Section 6.1 and in respect of which the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisors, constitutes or could reasonably be expected to constitute or lead to, a Superior Proposal;

(B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, Company provides prompt written notice to Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to Purchaser, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Company shall notify Purchaser orally and in writing of any inquiries, offers or proposals with respect to an Acquisition Proposal (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, and, if not previously provided to Purchaser, copies of all information provided to such party), within 48 hours of the receipt thereof, shall keep Purchaser promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and each material change in any of the terms of such Acquisition Proposal; and

(C) Company shall continue to be, at all times, in compliance with this Section 6.1; and

(viii) at any time prior to obtaining the approval of the Company Securityholders of the Arrangement Resolution, withdraw any approval or recommendation contemplated by Section 6.1(b)(iii) and accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (A) the Company Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 6.1(d) and after receiving the advice of outside legal counsel and financial advisors, as reflected in the minutes of the Company Board, that the failure by the Company Board to take such action would be inconsistent with its fiduciary duties under Applicable Laws, (B) Company complies, and at all times has complied, with all of its obligations set forth in this Section 6.1, and (C) Company terminates this Agreement in accordance with Section 8.1(a)(vii) and concurrently therewith pays the Purchaser Termination Fee to Purchaser.

(c) Company shall promptly (and in any event within 48 hours) notify Purchaser of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Company or its assets in connection with an Acquisition Proposal, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making, any inquiry, proposal, offer or request. Company shall keep Purchaser promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and of each material change in any of the terms of such Acquisition Proposal and shall provide to Purchaser copies of all correspondence with the Person making such Acquisition Proposal, with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or in electronic form, and if not in writing or in electronic form, a description of the terms of such correspondence.

(d) Company shall give Purchaser at least five Business Days' advance notice of any decision by the Company Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which shall:

(i) confirm that the Company Board (and any relevant committee thereof), in consultation with its financial advisors and outside legal counsel, has determined in good faith that such Acquisition Proposal constitutes a Superior Proposal;

(ii) identify the third party making the Superior Proposal;

(iii) confirm that the definitive agreement to implement such Superior Proposal does not contain any financing condition, due diligence condition or access condition; and

(iv) confirm that a definitive agreement to implement such Superior Proposal has been settled between Company and such third party in all material respects (including in respect of the value and financial terms) and the value ascribed to any non-cash consideration offered under such Acquisition Proposal, and Company will concurrently provide a true and complete copy thereof, together with all supporting materials, including any financing documents supplied to Company in connection therewith, and will thereafter promptly provide any amendments thereto, to Purchaser.

During the five Business Day period commencing on delivery of such notice, Company agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change the recommendation of its directors regarding the Arrangement. During such five Business Day period, Company shall, and shall cause its Representatives to, if so requested by Purchaser, negotiate in good faith with Purchaser and its Representatives to enable Purchaser, at its election, to propose adjustments in the terms and conditions of this Agreement and the Arrangement as Purchaser deems appropriate. The Company Board shall review any proposal by Purchaser to amend the terms of the transactions contemplated in this Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether Purchaser's proposal to amend the transactions contemplated by this Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendments to the transactions contemplated by this Agreement and the Arrangement. In the event Purchaser proposes to amend this Agreement such that the Acquisition Proposal ceases to be a Superior Proposal, and so advises the Company Board in writing prior to the expiry of such five Business Day period, the Company Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement and Purchaser and Company shall enter into an amended version of this Agreement reflecting such proposed amendments prior to the expiry of such five Business Day period, and upon execution thereof, the Company Board shall promptly reaffirm its recommendations and determinations referred to in Section 2.2 by press release. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 6.1 and shall initiate a new five Business Day match right period.

(e) Purchaser agrees that all information that may be provided to it by Company with respect to any Acquisition Proposal pursuant to this Section 6.1 shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.

(f) In the event that Company provides the notice contemplated by Section 6.1(d) on a date which is less than five Business Days prior to the Company Meeting, Purchaser shall be entitled to require

Company to adjourn or postpone the Company Meeting to a date acceptable to Purchaser, acting reasonably, provided that such adjournment or postponement may not exceed ten Business Days without the consent of Company.

(g) Neither Company nor the Company Board shall withdraw, qualify, amend or modify in a manner adverse to Purchaser, the approval or recommendation of the Arrangement by the Company Board, except if: (i) such withdrawal, qualification, amendment or modification occurs simultaneously with the entry by Company, in accordance with the requirements of this Section 6.1, into a definitive agreement with respect to an Acquisition Proposal constituting a Superior Proposal; and (ii) Company concurrently pays the Purchaser Termination Fee to Purchaser.

(h) Company shall ensure that its Representatives are aware of the provisions of this Section 6.1 and shall be responsible for any breach of this Section 6.1 by any of them.

(i) Nothing contained in this Agreement (including this Article 6) shall prohibit the Company Board or Company from making any disclosure to the Company Securityholders: (i) if the Company Board, acting in good faith and upon the advice of its outside legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Company Board; or (ii) as required by Applicable Laws, including in response to an Acquisition Proposal (including by responding to an Acquisition Proposal in a directors' circular).

(j) Nothing contained in this Agreement shall prohibit Company or the Company Board from calling and/or holding a meeting requisitioned by the Company Shareholders in accordance with the ABCA or taking any other action to the extent ordered or otherwise mandated by a Governmental Authority in accordance with Applicable Laws.

6.2 Purchaser Damages

If at any time after the execution of this Agreement:

(a) Company: (i) fails to make any of the Company Board Recommendation, including in any press release contemplated by Section 10.4 that is issued by Company with respect to this Agreement or the Arrangement or as otherwise required by this Agreement; (ii) withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, any of the Company Board Recommendation in a manner adverse to Purchaser (it being understood that the taking of a neutral position or no position with respect to an announced Acquisition Proposal beyond the earlier of a period of two Business Days following such announcement or the date which is the day prior to the date proxies in respect of the Company Meeting must be deposited shall be considered an adverse modification to such recommendation); or (iii) resolves to do any of the foregoing;

(b) the Company Board shall have failed to reaffirm publicly any of the Company Board Recommendation in the manner and within the time period set out in Section 6.1(d);

(c) this Agreement is terminated by either Party pursuant to Section 8.1(a)(ii) and prior to such termination an Acquisition Proposal (or an intention to make an Acquisition Proposal) is or has been publicly announced, proposed, disclosed, offered or made by any Person (other than Purchaser or its affiliates) and, within 12 months following the date of such termination:

(i) the Company Board recommends any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such 12-month period);

(ii) Company enters into a binding definitive agreement in respect of any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such 12-month period); or

(iii) any Acquisition Proposal is consummated;

(d) the Company Board (or any committee thereof) accepts, recommends, approves or enters into, or proposes publicly to accept, recommend, approve or enter into, an agreement, understanding or letter of intent to implement a Superior Proposal; or

(e) Company wilfully breaches any of its obligations under Article 6.

(each of the above, a "**Purchaser Damages Event**"),

(provided that, for clarity, in the case of Section 6.2(b), a Purchaser Damages Event will not have occurred unless and until such time that the Company Board has failed to reaffirm publicly any of the Company Board Recommendation, as requested by Purchaser, within the applicable time period contemplated by Section 6.1(d)), then in the event of the termination of this Agreement pursuant to any of Sections 8.1(a)(ii), 8.1(a)(vi) or 8.1(a)(vii), Company shall pay to Purchaser (or to whom Purchaser may direct in writing) $20,000,000 (the "**Purchaser Termination Fee**") as liquidated damages in immediately available funds to an account designated by Purchaser. The Purchaser Termination Fee shall be paid as aforesaid:

(i) within two Business Days immediately following the termination of this Agreement by Purchaser in the case of a Purchaser Damages Event described in Sections 6.2(a) or 6.2(b);

(ii) in accordance with Sections 6.1(b)(viii) and 8.1(a)(vii) in the case of the Purchaser Damages Event described in Section 6.2(d); and

(iii) upon consummation of the Acquisition Proposal referred to therein in the case of the Purchaser Damages Event described in Section 6.2(c).

Following a Purchaser Damages Event, but prior to payment of the Purchaser Termination Fee, Company shall, and shall be deemed to, hold any amount owing to Purchaser under this Section 6.2 in trust for Purchaser. Company shall only be obligated to pay one Purchaser Termination Fee pursuant to this Section 6.2.

6.3 Purchaser Liquidated Damages

Each Party acknowledges that the Purchaser Termination Fee set out in Section 6.2 represents liquidated damages, which is a genuine pre-estimate of the damages, including opportunity costs, reputational damage and out-of-pocket expenditures, which Purchaser and its affiliates will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of the amount pursuant to Section 6.2 is the sole monetary remedy of Purchaser in respect of the events contemplated by Section 6.2; provided, however, that this limitation shall not apply in the event of fraud or wilful or intentional breach of this Agreement by Company and, in such circumstances, Purchaser may pursue an action against Company for damages. Nothing in Section 6.2 and this Section 6.3 shall, in circumstances where a Purchaser Termination Fee is not payable, otherwise preclude Purchaser from pursuing an action against Company for damages under a breach of this Agreement or from seeking and obtaining injunctive relief to restrain any breach or threatened breach of the covenants or agreements of Company set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting bond or security in connection therewith. In no event shall Company be obligated to pay the Purchaser Termination Fee on more than one occasion whether or not such fee may be payable at different times or upon the occurrence of different events.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of the Company Securityholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or

(d) waive compliance with or modify any other conditions precedent contained herein;

provided that, no such amendment reduces or materially adversely affects the consideration to be received by a Company Securityholder without approval by the affected Company Securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

7.2 Amendment of Plan of Arrangement

The Parties may agree to amend the Plan of Arrangement as set forth in article 6 of the Plan of Arrangement.

ARTICLE 8
TERMINATION

8.1 Termination

(a) This Agreement may be terminated at any time prior to the Effective Date:

(i) by mutual written consent of Purchaser and Company;

(ii) by either Purchaser or Company if the Arrangement Resolution shall have failed to receive the requisite votes of the Company Securityholders for approval at the Company Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

(iii) by either Purchaser or Company if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Agreement under this Section 8.1(a)(iii) shall not be available to the Party whose failure to fulfill any of its covenants or obligations in this Agreement has been the sole cause of, or resulted in, the failure of the Effective Time to occur by such date;

(iv) by Purchaser if the conditions set forth in Sections 5.1 and 5.2 (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the

Outside Date or such condition is incapable of being satisfied by the Outside Date; provided that Purchaser has complied with Section 5.4 and Purchaser is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 5.1 and 5.3 not to be satisfied;

(v) by Company if the conditions set forth in Sections 5.1 and 5.3 (other than those conditions that by their nature are to be satisfied at closing of the Arrangement, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the Outside Date or such condition is incapable of being satisfied by the Outside Date; provided that Company has complied with Section 5.4 and Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 5.1 and 5.2 not to be satisfied;

(vi) by Purchaser upon the occurrence of a Purchaser Damages Event as provided in Section 6.2; or

(vii) by Company to accept, recommend, approve or enter into an agreement to implement a Superior Proposal; provided that: (A) Company has complied with its obligations set forth in Section 6.1 in all material respects; and (B) Company concurrently pays the Purchaser Termination Fee to Purchaser.

(b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and be of no further force or effect and neither Party shall have any liability or further obligation to the other Party hereunder except with respect to the obligations set out in any of Section 1.5, Section 1.7, Section 1.12, Section 2.1(d), Section 3.7(f), Section 3.7(g), Section 4.3, Article 6 (provided in the case of Section 6.2, the right of payment arose, other than with respect to Section 6.2(c), prior to the termination of this Agreement), Article 9 and Article 10, all of which survive such termination. Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party at law or in equity. For greater certainty, the termination of this Agreement pursuant to this Article 8 shall not: (i) relieve either Party from liability for any fraud or breach (wilful or otherwise) by it of this Agreement that occurred prior to the date of termination; or (ii) affect the rights or obligations of either Party under the Confidentiality Agreement, which shall remain in full force and effect, subject to any further agreement of the Parties.

ARTICLE 9
NOTICES

9.1 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by overnight courier or sent by email transmission:

(a) in the case of Purchaser, to:

Canadian Natural Resources Limited
#2100, 855 – 2nd Street S.W.
Calgary, Alberta, T2P 4J8

Attention: Senior Vice-President, Corporate Development and Land
Email: Ron.Laing@cnrl.com

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East, 855 – 2nd Street S.W.
Calgary, Alberta, T2P 4K7

Attention: Brent Kraus
Email: [redacted]

(b) in the case of Company, to:

Painted Pony Energy Ltd.
Suite 1200, 520 – 3rd Avenue S.W.
Calgary, Alberta, T2P 0R3

Attention: President and Chief Executive Officer
Email: [redacted]

with a copy to (which shall not constitute notice):

Blake, Cassels & Graydon LLP
855 – 2nd Street S.W., Suite 3500
Calgary, Alberta, T2P 4J8

Attention: Scott W.N. Clarke
Email: [redacted]

or such other address as either Party may, from time to time, advise the other Party by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such email transmission is received.

ARTICLE 10
GENERAL

10.1 Non-Survival of Representations and Warranties

No investigation by or on behalf of, or knowledge of, a Party, will mitigate, diminish or affect the representations or warranties made by the other Party in this Agreement or any certificate delivered by such other Party pursuant to this Agreement. The respective representations and warranties of the Parties contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 10.1 shall not limit any undertaking, obligation, covenant or agreement of whatever nature of a Party or any of its subsidiaries which, by its terms, contemplates performance after the Effective Time or date on which this Agreement is terminated, as the case may be.

10.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

10.3 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties without the prior written consent of the other Party, except that Purchaser may assign all or a

portion of its rights under this Agreement to any subsidiary of Purchaser (including AcquisitionCo) but no assignment shall relieve Purchaser of any of its obligations hereunder.

10.4 Public Communications

Each of Purchaser and Company agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, neither Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

10.5 Costs

Except as otherwise expressly provided for in Article 3 and Article 6, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed.

10.6 Severability

If any one or more of the provisions or parts contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts shall not in any way be affected or impaired by the severance of the provisions or parts so severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.7 Further Assurances

Each Party shall, from time to time and at all times hereafter, at the request of the other Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.8 Specific Performance

Purchaser and Company agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by the other Party in accordance with the terms hereof. It is accordingly agreed that each Party shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or otherwise to obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

10.9 Time of Essence

Time shall be of the essence of this Agreement.

10.10 Applicable Laws and Enforcement

This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta located in Calgary, in respect of all matters arising out of this Agreement.

10.11 Waiver

Either Party may, on its own behalf only: (a) extend the time for the performance of any of the obligations or acts of the other Party; (b) waive compliance with the other Party's agreements or the fulfillment of any conditions to its own obligations contained herein; or (c) waive inaccuracies in the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

10.12 Third Party Beneficiaries

Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties any rights, remedies, obligations or liabilities under or by reason of this Agreement, and no Person that is not a party to this Agreement (including any Company Securityholder, director, officer or employee) shall have any standing as a third party beneficiary with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing sentence, the provisions of Sections 3.1(g), 3.2(a), 3.2(b), and 3.3(w) are: (a) intended for the benefit of all such directors and officers and shall be enforceable by each of such persons and his heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Company shall hold the rights and benefits of such Sections in trust for and on behalf of the Third Party Beneficiaries and Company hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

[Remainder of page left blank intentionally – signatures follow]

10.13 Counterparts

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CANADIAN NATURAL RESOURCES LIMITED

By: (signed) "*Tim S. McKay*"
Name: Tim S. McKay
Title: President

By: (signed) "*Ron K. Laing*"
Name: Ron K. Laing
Title: Senior Vice-President, Corporate Development and Land

PAINTED PONY ENERGY LTD.

By: (signed) "*Patrick Ward*"
Name: Patrick Ward
Title: President and Chief Executive Officer

SCHEDULE “A”

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE
***BUSINESS CORPORATIONS ACT* (ALBERTA)**

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Unless indicated otherwise, any capitalized term used herein but not defined shall have the meaning given to it in the Arrangement Agreement and the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

(a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B 9, as such may be amended from time to time prior to the Effective Date;

(b) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

(c) "**Arrangement**" means the arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement as supplemented, or modified in accordance with the provisions of the Arrangement Agreement and this Plan of Arrangement, or amended or made at the direction of the Court in the Final Order;

(d) "**Arrangement Agreement**" means the arrangement agreement made as of August 10, 2020 between Purchaser and Company, as supplemented, modified or amended from time to time in accordance with its terms;

(e) "**Arrangement Resolution**" means the special resolution of the Company Securityholders in respect of the Arrangement to be considered at the Company Meeting substantially in the form attached to the Arrangement Agreement as Schedule "B";

(f) "**Articles of Arrangement**" means the articles of arrangement of Company giving effect to the Arrangement, required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, which shall be in a form and content satisfactory to the Parties, acting reasonably;

(g) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday or other day when banks in the City of Calgary, Alberta are not generally open for business;

(h) "**Certificate**" means the certificate or other proof of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

(i) "**Company**" means Painted Pony Energy Ltd., a corporation existing under the laws of the Province of Alberta;

(j) "**Company DSU Plan**" means the deferred share unit plan of Company, as amended and restated effective January 1, 2018;

(k) “**Company DSUs**” means the deferred share units issued pursuant to the Company DSU Plan;

(l) “**Company Meeting**” means the special meeting of Company Securityholders to be held in accordance with the Arrangement Agreement and the Interim Order to consider the Arrangement Resolution and any adjournment(s) or postponement(s) thereof;

(m) “**Company Optionholders**” means holders of Company Options;

(n) “**Company Option Plan**” means the stock option plan of Company, as amended and restated effective May 9, 2019;

(o) “**Company Options**” means the outstanding stock options of Company granted under the Company Option Plan, whether or not vested, entitling the holders thereof to acquire Company Shares;

(p) “**Company PSU Plan**” means the performance share unit plan of Company, as amended and restated November 6, 2019;

(q) “**Company PSUs**” means the performance share units issued pursuant to the Company PSU Plan;

(r) “**Company RSU Plan**” means the restricted share unit plan of Company, as amended and restated November 6, 2019;

(s) “**Company RSUs**” means the restricted share units issued pursuant to the Company RSU Plan;

(t) “**Company Securityholders**” means, collectively, the Company Shareholders and the Company Optionholders, from time to time;

(u) “**Company Shareholders**” means holders of Company Shares, from time to time;

(v) “**Company Shares**” means the common shares in the capital of Company;

(w) “**Consideration**” means $0.69 in cash per Company Share;

(x) “**Court**” means the Court of Queen’s Bench of Alberta;

(y) “**Depositary**” means TSX Trust Company or such other Person that may be appointed by Purchaser with the consent of Company (such consent not to be unreasonably withheld or delayed) in connection with the Arrangement for *inter alia* the purpose of receiving deposits of certificates formerly representing the Company Shares and paying the Consideration;

(z) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in Article 4 of this Plan of Arrangement;

(aa) “**Dissenting Shareholder**” means a registered Company Shareholder who validly exercises its Dissent Rights pursuant to Article 4 of this Plan of Arrangement and the Interim Order, and has not withdrawn, or been deemed to have withdrawn, such exercise of Dissent Rights immediately prior to the Effective Time;

(bb) “**Effective Date**” means the date shown on the Certificate;

(cc) "**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

(dd) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or assets, or any part thereof or interest therein or capable of becoming any of the foregoing;

(ee) "**Final Order**" means the order of the Court approving the Arrangement to be applied for by Company following the approval of the Arrangement Resolution at the Company Meeting and to be granted pursuant to subsection 193(9) of the ABCA in respect of Company Securityholders, Company and Purchaser, as such order may be affirmed, amended or modified by the Court (with the consent of both Company and Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that, such amendment is acceptable to both Company and Purchaser, each acting reasonably) on appeal;

(ff) "**Governmental Authority**" means any:

(i) national, federal, provincial, state, regional, municipal, local or other government or any governmental regulatory or administrative authority department, court, tribunal, arbitral body, commission, board, bureau ministry or agency, or official, domestic or foreign including any political subdivision thereof;

(ii) any subdivision, agent, commission, board or authority of any of the foregoing;

(iii) any quasi-governmental or private body exercising any regulatory or expropriation authority under or for the account of any of the foregoing; and

(iv) any stock exchange, including the Toronto Stock Exchange;

(gg) "**Interim Order**" means an interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Company Meeting, as such order may be affirmed, amended or modified by the Court (with the consent of both Company and Purchaser, each acting reasonably);

(hh) "**In-the-Money Amount**" has the meaning ascribed thereto in Section 3.1(c)(i);

(ii) "**Letter of Transmittal**" means the letter of transmittal to be used by former registered Company Shareholders to surrender their certificate or certificates (as applicable) which, immediately prior to the Effective Time, represented outstanding Company Shares to the Depositary and pursuant to which they will receive, on completion of the Arrangement, in exchange for each Company Share, the Consideration;

(jj) "**Parties**" means, collectively, Purchaser and Company, and "**Party**" means either one of them;

(kk) "**Plan of Arrangement**" means this plan of arrangement, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms hereof and the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this plan of arrangement and not to any particular provision of this plan of arrangement;

(ll) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

(mm) "**Purchaser**" means Canadian Natural Resources Limited, a corporation existing under the laws of the Province of Alberta;

(nn) "**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA; and

(oo) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).

1.2 **Interpretation Not Affected by Headings, Etc.**

The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and does not affect the construction or interpretation of this Plan of Arrangement.

1.3 **Article References**

Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection or paragraph by number or letter or both refer to the Article, Section, subsection or paragraph, respectively, bearing that designation in this Plan of Arrangement.

1.4 **Number and Gender**

Words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders. If a word is defined in this Plan of Arrangement a grammatical derivative of that word shall have a corresponding meaning.

1.5 **Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place.

1.6 **Statutory References**

Any reference in this Plan of Arrangement to any statute or section thereof shall, unless otherwise expressly stated, be deemed to be a reference to any regulations promulgated thereunder from time to time in effect and such statute or section (or regulations thereunder) as amended, restated or re-enacted from time to time.

1.7 **Currency**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 This Plan of Arrangement is made pursuant to the Arrangement Agreement and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.2 This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, shall become effective at, and be binding upon: (a) all registered and beneficial Company Shareholders (including Dissenting Shareholders); (b) all Company Optionholders; (c) all holders of Company RSUs, Company PSUs and Company DSUs; (d) Company; (e) Purchaser; (f) the Depositary; and (g) all other Persons, without any further act or formality required on the part of any Person except as expressly provided herein, as and from the Effective Time.

2.3 The Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of this Plan of Arrangement shall become effective unless all of the provisions of this Plan of Arrangement shall have become effective in the sequence provided herein. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the events or transactions set out in Section 3.1 shall have become effective in the sequence and at the time set out therein. If no Certificate is required to be issued by the Registrar pursuant to section 193(11) of the ABCA, the Arrangement shall become effective commencing at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to section 193(10) of the ABCA.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the steps, events or transactions set out below shall occur and shall be deemed to occur sequentially in the order set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time (provided that none of the following shall occur unless all of the following occur):

Treatment of Company RSUs and Company PSUs

(a) notwithstanding the terms of the Company RSU Plan or the Company PSU Plan or any applicable award agreements in relation thereto:

(i) the Company RSU Plan shall be terminated and each Company RSU granted under the Company RSU Plan and outstanding at the Effective Time (whether then vested or unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to Section 3.3, an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder in accordance with Section 5.1(a)(ii), in full satisfaction of Company's obligations under such surrendered Company RSU, whereupon all Company RSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company RSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under this Plan of Arrangement; and

(ii) the Company PSU Plan shall be terminated and each Company PSU granted under the Company PSU Plan and outstanding at the Effective Time (whether then vested or

unvested) shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to Section 3.3, an amount equal to the Consideration multiplied by the number of Company Shares covered by such Company PSU with a performance multiplier determined in accordance with the Company PSU Plan, payable in cash (less the amount of applicable withholdings) to the holder in accordance with Section 5.1(a)(ii), in full satisfaction of Company's obligations under such surrendered Company PSU (as applicable), whereupon all Company PSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company PSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under this Plan of Arrangement;

Treatment of Company DSUs

(b) notwithstanding the terms of the Company DSU Plan, or any applicable award agreements in relation thereto, the Company DSU Plan shall be terminated and each Company DSU outstanding immediately prior to the Effective Time shall, without any further action or formality on behalf of the holder thereof and Company, be deemed to be surrendered to Company in exchange for, subject to Section 3.3, an amount equal to the Consideration, payable in cash (less the amount of applicable withholdings) to the holder in accordance with Section 5.1(a)(ii), in full satisfaction of Company's obligations under such surrendered Company DSU, whereupon all Company DSUs shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company DSUs shall be deemed to be fully satisfied and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under this Plan of Arrangement;

Treatment of Company Options

(c) notwithstanding the terms of the Company Option Plan or any applicable award agreements in relation thereto, the Company Option Plan shall be terminated and each Company Option, whether vested or unvested, that has not, prior to the Effective Time, been exercised or surrendered in accordance with its terms shall, without any further action or formality on behalf of the holder thereof and Company and without any payment by such Company Optionholder, be deemed to be transferred to Company as follows:

(i) in respect of each Company Option outstanding at the Effective Time, whether vested or unvested, that has an exercise price that is less than the Consideration, the applicable Company Option shall be deemed to be surrendered to Company in exchange for, subject to Section 3.3, an amount equal to the amount by which the Consideration exceeds the exercise price thereof (the "**In-the-Money Amount**"), payable in cash (less the amount of applicable withholdings) to the Company Optionholder in accordance with Section 5.1(a)(ii) in full satisfaction of Company's obligations under such surrendered Company Option; and

(ii) in respect of each Company Option outstanding at the Effective Time, whether vested or unvested, that has an exercise price that is equal to or greater than the Consideration, the applicable Company Option shall be deemed to be surrendered to Company in exchange for, subject to Section 3.3, an amount equal to $0.01, payable in cash (less the amount of applicable withholdings) to the Company Optionholder in accordance with Section 5.1(a)(ii) in full satisfaction of Company's obligations under such surrendered Company Option,

whereupon all Company Options shall be, and shall be deemed to be, cancelled by Company, all obligations in respect of the Company Options shall be deemed to be fully satisfied, and the holders thereof shall cease to have any rights or claims in respect thereof other than the right to receive the consideration contemplated under this Plan of Arrangement;

Dissenting Shareholders

(d) each Company Share held by a registered Company Shareholder who has validly exercised and not withdrawn Dissent Rights described in Section 4.1 shall be transferred by the holder thereof to Company in exchange for the amount determined in accordance with Section 4.3; and

Acquisition of Company Shares by Purchaser

(e) each outstanding Company Share (other than a Company Share held by a registered Company Shareholder who has validly exercised and not withdrawn Dissent Rights described in Section 3.1(d)) shall be transferred to Purchaser in exchange for, subject to Section 3.3, a cash payment (less the amount of applicable withholdings) to the holder equal to the Consideration.

3.2 **Securities Register**

With respect to each Company Shareholder (other than Dissenting Shareholders), at the effective time of Section 3.1(e):

(a) such Company Shareholder shall cease to be a holder of the Company Shares so transferred and to have any rights or claims as a holder of such Company Shares other than the right to receive a cash payment pursuant to Section 3.1(e);

(b) such Company Shareholder's name shall be removed from the register of holders of Company Shares maintained by or on behalf of Company as it relates to the Company Shares so transferred; and

(c) Purchaser shall become the holder of the Company Shares so transferred and shall be added to the register of holders of Company Shares maintained by or on behalf of Company.

3.3 **Withholding**

Company, Purchaser and the Depositary shall be entitled to deduct or withhold from any amounts payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 4.2), such amounts as Company, Purchaser or the Depositary, as applicable, determines, acting reasonably, are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other Applicable Laws. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Persons in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority.

ARTICLE 4
DISSENTING SHAREHOLDERS

4.1 Each registered Company Shareholder shall have the right to dissent with respect to the Arrangement in accordance with section 191 of the ABCA, as modified by the Interim Order and this Article 4; provided

that, notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA must be received by Company from the Dissenting Shareholder not later than 4:00 p.m. (Calgary time) on the date that is five Business Days prior to the date of the Company Meeting.

4.2 A Dissenting Shareholder shall, concurrently with the step contemplated in Section 3.1(d), cease to have any rights as a holder of Company Shares and shall only be entitled to be paid by Company the fair value of such holder's Company Shares net of all withholding or other taxes required to be withheld by Company or Purchaser in accordance with Applicable Laws, to the extent applicable. A Dissenting Shareholder who is entitled to be paid by Company the fair value of such holder's Company Shares shall, pursuant to Section 3.1(d), be deemed to have transferred such holder's Company Shares (free and clear of any Encumbrances) to Company for cancellation without any further act or formality at the effective time of Section 3.1(d) notwithstanding the provisions of section 191 of the ABCA.

4.3 The fair value of the Company Shares held by a Dissenting Shareholder shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Company Securityholders at the Company Meeting.

4.4 A Dissenting Shareholder who for any reason is not ultimately entitled to be paid the fair value of such holder's Company Shares shall be deemed to have participated in the Arrangement, commencing as of the Effective Time, on the same basis as a non-dissenting holder of Company Shares, notwithstanding the provisions of section 191 of the ABCA, and such Dissenting Shareholder shall be entitled to receive only the consideration contemplated in Section 3.1(e) of this Plan of Arrangement that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights.

4.5 In no event shall Company, Purchaser or any other Person be required to recognize any Dissenting Shareholder as a Company Shareholder after the effective time of the transfer of the Company Shares to Purchaser pursuant to Section 3.1(d) and the names of such holders shall be removed from the register of holders of Company Shares maintained by or on behalf of Company as at the Effective Time.

4.6 For greater certainty, in addition to any other restrictions in section 191 of the ABCA: (a) no Person who has voted (including by way of instructing a proxy holder to vote) in favour of the Arrangement shall be entitled to exercise Dissent Rights; (b) voting against the Arrangement (including by way of instructing a proxy holder to vote) will not constitute a written objection referred to in subsection 191(5) of the ABCA; and (c) a Person may only exercise Dissent Rights in respect of all, and not less than all, of its Company Shares.

ARTICLE 5
CONSIDERATION, CERTIFICATES AND FRACTIONAL SHARES

5.1 Right to Consideration

(a) On or as soon as practicable after the Effective Time,

(i) the Depository shall pay to the former holders of Company Shares the Consideration to which they are entitled in accordance with Section 3.1(e); and

(ii) Company shall pay to the former holders of Company RSUs, Company PSUs, Company DSUs and Company Options the consideration to which they are entitled in accordance with Sections 3.1(a), 3.1(b) and 3.1(c), less applicable withholdings.

(b) The Depositary shall pay the Consideration in respect of those Company Shares that were transferred or deemed to be transferred, as applicable, pursuant to Section 3.1(e) which are held

on a book-entry basis, less any amounts withheld pursuant to Section 3.3, in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. In respect of those Company Shares not held on a book-entry basis, upon surrender to the Depositary for cancellation of a certificate or certificates (as applicable) which, immediately prior to the Effective Time, represented outstanding Company Shares that were transferred or deemed to be transferred, as applicable, pursuant to Section 3.1(e), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as Company, Purchaser or the Depositary may reasonably require, each holder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall pay to such holder as directed in the Letter of Transmittal, a cheque (or other form of immediately available funds) in respect of the Consideration which such holder has the right to receive under this Plan of Arrangement for such Company Shares, less any amounts deducted or withheld pursuant to Section 3.3, and any certificate(s) so surrendered shall forthwith be cancelled.

(c) From and after the Effective Time, the certificate(s) or agreement(s), as applicable, formerly representing Company RSUs, Company PSUs, Company DSUs, Company Options or Company Shares shall represent only the right to receive:

(i) in the case of each holder of Company RSUs, the portion of the cash consideration the former holder of Company RSUs represented by the certificate or agreement is entitled to receive pursuant to Section 3.1(a)(i);

(ii) in the case of each holder of Company PSUs, the portion of the cash consideration the former holder of Company PSUs represented by the certificate or agreement is entitled to receive pursuant to Section 3.1(a)(ii);

(iii) in the case of each holder of Company DSUs, the portion of the cash consideration the former holder of Company DSUs represented by the certificate or agreement is entitled to receive pursuant to Section 3.1(b);

(iv) in the case of each holder of Company Options, the portion of the cash consideration the former holder of Company Options represented by the certificate or agreement is entitled to receive pursuant to Section 3.1(c);

(v) in the case of certificates held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 4.1, the fair value of the Company Shares represented by such certificates from Company as provided for in the Interim Order and Section 4.1; and

(vi) in the case of certificates held by all other Company Shareholders, a cash payment pursuant to Section 3.1(e), subject to such former Company Shareholder validly depositing with the Depositary, as contemplated by Section 5.1(b), the certificates representing its Company Shares, a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require,

in each case, less any amounts deducted or withheld pursuant to Section 3.3.

(d) Any certificate formerly representing Company Shares that is not deposited, together with all other documents required hereunder, on or before the last Business Day prior to the third anniversary of the Effective Date and any right or claim to receive the Consideration that

remains outstanding on such day shall cease to represent a claim by or interest of any former Company Shareholder of any kind or nature against Company or Purchaser. On such date, all consideration and other property to which such former Company Shareholder was entitled shall be deemed to have been surrendered and forfeited to Purchaser for no consideration.

(e) From and after the Effective Time, no Company Shareholder (other than Purchaser), Company Optionholder or holder of Company RSUs, Company PSUs, Company DSUs shall be entitled to receive any consideration with respect to such Company Shares, Company Options, Company RSUs, Company PSUs or Company DSUs, as applicable, other than the consideration to which such holder is entitled to receive under the Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

5.2 **Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented an interest in one or more Company Shares that were transferred pursuant to Section 3.1 has been lost, stolen or destroyed, upon satisfying such reasonable requirements as may be imposed by Purchaser and the Depositary in relation to the issuance of replacement share certificates, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to this Plan of Arrangement as determined in accordance with the Arrangement. The Person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond satisfactory to each of Purchaser and the Depositary in such form as is satisfactory to Purchaser and the Depositary (each acting reasonably), or shall otherwise indemnify Company, Purchaser and the Depositary, to the reasonable satisfaction of such parties, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 6
AMENDMENTS

6.1 Company and Purchaser may amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification or supplement must be:

(a) set out in writing;

(b) approved in writing by both Parties;

(c) filed with the Court and, if made following the Company Meeting, approved by the Court; and

(d) communicated to Company Shareholders, Company Optionholders and/or holders of Company RSUs, Company PSUs or Company DSUs, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Company or Purchaser at any time prior to or at the Company Meeting (provided that the other Party shall have consented in writing prior thereto, acting reasonably), with or without any other prior notice or communication, and, if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement by the Company Shareholders and/or Company Optionholders (other than as may be required by the Interim Order or other order of the Court), shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only:

(a) if it is consented to in writing by each of Company and Purchaser (each acting reasonably); and

(b) if required by the Court or Applicable Law, it is consented to by the Company Shareholders and/or Company Optionholders, voting in a manner directed by the Court.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time provided it is consented to in writing by each of Purchaser and Company, and further provided that it concerns a matter which, in the reasonable opinion of each of Purchaser and Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former Company Shareholder, Company Optionholder or holder of Company RSUs, Company PSUs or Company DSUs.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Purchaser and Company shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order to further document or evidence any of the transactions or events set out herein.

7.2 From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Company RSUs, Company PSUs, Company DSUs, Company Options and Company Shares issued prior to the Effective Time; (b) the rights and obligations of the holders of Company RSUs, Company PSUs, Company DSUs, Company Options and Option Shares shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Company RSUs, Company PSUs, Company DSUs, Company Options or Company Shares shall be deemed to have been settled or compromised.

7.3 From and after the Effective Date, any conflict between this Plan of Arrangement and the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract or other agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the holders of Company RSUs, Company PSUs, Company DSUs, Company Optionholders and Company Shareholders and any of Company, Purchaser or any of their respective subsidiaries with respect to the Company RSUs, Company PSUs, Company DSUs, the Company Options or the Company Shares as at the Effective Date shall be deemed to be governed by the terms, conditions and provisions of this Plan of Arrangement and the Final Order, which shall take precedence and priority.

SCHEDULE "B"

FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Painted Pony Energy Ltd. ("**Company**"), as more particularly described and set forth in the management information circular of Company accompanying the notice of this meeting, as the Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") involving, among others, Company, the full text of which is set out as Schedule "A" to the Arrangement Agreement made as of August 10, 2020 between Canadian Natural Resources Limited ("**Purchaser**") and Company (the "**Arrangement Agreement**"), as the Plan of Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

3. The Arrangement Agreement, the actions of the directors of Company in approving the Arrangement Agreement and the actions of the directors and officers of Company in executing and delivering the Arrangement Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the applicable securityholders of Company (the "**Securityholders**") or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Securityholders: (a) to amend the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and (b) subject to the terms of the Arrangement Agreement, to disregard the approval of the Securityholders and not proceed with the Arrangement, at any time prior to the issuance of the Certificate (as defined in the Plan of Arrangement).

5. Any one director or officer of Company is hereby authorized and directed, for and on behalf of Company, to execute, under the corporate seal of Company or otherwise, and to deliver to the Registrar under the ABCA for filing articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement.

6. Any one director or officer of Company is hereby authorized and directed, for and on behalf of Company, to execute, or cause to be executed, under the corporate seal of Company or otherwise, and to deliver, or cause to be delivered, all such other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things as in such director's or officer's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "C"

REPRESENTATIONS AND WARRANTIES OF PURCHASER

(a) Organization and Qualification. Purchaser has been duly incorporated or formed, as the case may be, and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as it is now conducted.

(b) Authority Relative to this Agreement. Purchaser has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Purchaser of the transactions contemplated by the Arrangement have been duly authorized by the Purchaser Board and no other proceedings on the part of Purchaser are necessary to authorize this Agreement, the Arrangement or the other transactions contemplated herein, other than approval of the Information Circular by the Purchaser Board, and such other consents and approvals as are specifically contemplated in this Agreement. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) Governmental Authorization. The execution and delivery of this Agreement by Purchaser, and performance of its obligations hereunder and the consummation by Purchaser of the Arrangement and the other transactions contemplated hereby, do not require any licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted or other action by or in respect of, or filing with or notification to, any Governmental Authority by Purchaser other than (i) the Regulatory Approvals (including the Competition Act Clearance), (ii) the Interim Order and the Final Order, and (iii) the filing of the Articles of Arrangement.

(d) No Violations. The execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated by the Arrangement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(i) contravene, conflict with, or result in any violation or breach of the constating documents of Purchaser; or

(ii) contravene, conflict with, or result in a violation or breach of Applicable Laws.

(e) Litigation. Except as disclosed by Purchaser in writing to Company, there are no material claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Purchaser, threatened, affecting or that would reasonably be expected to impede significantly the ability of Purchaser to consummate the Arrangement.

(f) Bankruptcy and Insolvency.

(i) No action or proceeding has been commenced or filed by or against Purchaser which seeks or would reasonably be expected to lead to:

(A) receivership, bankruptcy, a commercial proposal or similar proceeding of Purchaser;

(B) the adjustment or compromise of claims against Purchaser; or

(C) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for Purchaser or any portion of its assets, and no such action or proceeding has been authorized or is being considered by or on behalf of Purchaser.

(ii) Purchaser:

(A) has not made, nor is it considering making, an assignment for the benefit of its creditors; or

(B) has not requested, nor is it considering requesting, a meeting of its creditors to seek a reduction, compromise, composition or other accommodation with respect to its indebtedness.

(g) Investment Canada Act. Purchaser is not a "non-Canadian" within the meaning of the Investment Canada Act.

(h) Funds Available. As at the date hereof, Purchaser has, and as at the Effective Date, Purchaser will have, sufficient funds available to satisfy the transactions and obligations contemplated by this Agreement.

SCHEDULE "D"

REPRESENTATIONS AND WARRANTIES OF COMPANY

(a) Organization and Qualification.

(i) Company has been duly incorporated or formed, as the case may be, and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as it is now conducted. Copies of the constating documents of Company provided to Purchaser, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.

(ii) Company is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Authority Relative to this Agreement. Company has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Company of the transactions contemplated by the Arrangement have been duly authorized by the Company Board and, subject to the requisite approval of the Company Securityholders and the obtaining of the Final Order, no other proceedings on the part of Company are necessary to authorize this Agreement or the Arrangement, other than the approval of the TSX, the approval of the Information Circular by the Company Board, and such other consents and approvals as are specifically contemplated in this Agreement. This Agreement has been duly executed and delivered by Company and constitutes a legal, valid and binding obligation of Company enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) Subsidiaries, Joint Ventures and Partnerships. Company has no subsidiaries and, except as set out in the Company Disclosure Letter, Company has no joint ventures or partnerships. There are no rights of first refusal or similar rights restricting the transfer of Company Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of Company to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of Company.

(d) No Violations. Except as contemplated by this Agreement, and subject to the approval of the Company Securityholders of the Arrangement, the approval of the Interim Order and the Final Order by the Court, and the receipt of Regulatory Approvals:

(i) neither the execution and delivery of this Agreement by Company nor the consummation of the transactions contemplated by the Arrangement nor compliance by Company with any of the provisions hereof will:

(A) except as set out in the Company Disclosure Letter, violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or

both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon any of the properties or assets of Company or cause any indebtedness to come due before its stated maturity, require Company to (or to offer to) purchase or redeem any outstanding debt, or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) the articles or by-laws of Company; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, Contract or other instrument or obligation to which Company is a party or to which it, or any of its properties or assets, may be subject or by which Company is bound; or

(B) subject to obtaining the requisite approvals of the Company Securityholders, Court, Governmental Authorities (including the Competition Act Clearance), the TSX and compliance with Applicable Canadian Securities Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Company or any of its properties or assets; or

(C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect.

(ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the requisite approvals of Governmental Authorities, the TSX and the Company Securityholders and the obtaining of the Interim Order and the Final Order:

(A) there is no legal impediment to Company's consummation of the Arrangement; and

(B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Company in connection with the consummation of the Arrangement.

(e) No Default. Company is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under any Contract or licence to which Company is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(f) Litigation. There are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Company, threatened, affecting or that would reasonably be expected to affect Company or any of its properties or assets at law or in equity or before or by any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of Company which would reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change to Company, or would significantly impede the ability of Company to consummate the Arrangement. Company is not subject to any outstanding order, writ, injunction or decree that has or would reasonably be expected to have a Material Adverse Effect, or would significantly impede the ability of Company to consummate the Arrangement.

(g) Bankruptcy and Insolvency.

(i) No action or proceeding has been commenced or filed by or against Company which seeks or would reasonably be expected to lead to:

(A) receivership, bankruptcy, a commercial proposal or similar proceeding of Company;

(B) the adjustment or compromise of claims against Company; or

(C) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for Company or any portion of its assets, and no such action or proceeding has been authorized or is being considered by or on behalf of Company.

(ii) Company has not made, nor is it considering making, an assignment for the benefit of its creditors.

(h) Taxes, etc.

(i) Company has duly and timely filed all Tax Returns required to be filed by or on behalf of Company prior to the date hereof and all such Tax Returns are complete and correct in all material respects and no extension of time to file any such Tax Returns is in effect.

(ii) Company has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by them, other than those which are being or have been contested in good faith and in respect of which adequate reserves have been provided in the most recently published consolidated financial statements of Company. Company has provided adequate accruals in accordance with IFRS in the most recently published consolidated financial statements of Company for any Taxes (including related future Taxes) of Company for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes, individually or in the aggregate, not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.

(iii) No material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Company, and Company is not a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Company, threatened against Company or any of its assets.

(iv) No written claim has been made by any Governmental Authority in a jurisdiction where Company does not file Tax Returns that Company is or may be subject to Tax by that jurisdiction.

(v) There are no Encumbrances (other than Permitted Encumbrances) with respect to Taxes upon any of the Company Assets.

(vi) Company has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority and within the prescribed time when required by Applicable Laws to do so.

(vii) Company has charged, collected and remitted on a timely basis all Taxes as required under any Applicable Laws on any sale, supply or delivery whatsoever, made by it, and Company is validly registered as a vendor with the relevant Governmental Authorities for the collection of such Taxes. All input tax credits, refunds, rebates and similar adjustments of Taxes claimed by Company have been validly claimed and correctly calculated as required by Applicable Laws, and Company has retained all documentation prescribed by Applicable Laws to support such claims. Where applicable, Company: (a) has obtained all required information and documentation to support any zero-rating treatment of its supplies; and (b) has been furnished with valid exemption certificates or their equivalent and has retained all such records and supporting documents in the manner required by Applicable Laws.

(viii) Company is not party to or bound by any tax sharing agreement, tax indemnity obligation in favour of any Person or similar agreement in favour of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Authority). Without limiting the generality of the foregoing, Company has not entered into an agreement contemplated in section 80.04 or 191.3, or subsection 18(2.3), 127(13) to (17) or 127(20) of the ITA or any analogous provision of any comparable Applicable Laws.

(ix) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Company for any taxable period and no request for any such waiver or extension is currently pending.

(x) Company has made available to Purchaser true, correct and complete copies of all Tax Returns, examination reports and statements of deficiencies by all Taxing Authorities for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.

(xi) Company has not ever directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm’s length (within the meaning of the ITA) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services.

(xii) Company has not, at any time, directly or indirectly, transferred any property or supplied any services to, acquired any property or services from, a Person who is not resident in Canada for purposes of the ITA and with whom Company was not dealing at arm’s length (within the meaning of the ITA) for consideration other than consideration equal to the fair market value of such property or services at the time of transfer, supply or acquisition, as the case may be, nor has Company been deemed to have done so for purposes of the ITA; and Company has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the ITA or any analogous provision of any comparable Applicable Laws, and there are no transactions to which subsection 247(2) or subsection 247(3) of the ITA or any analogous provision of any comparable Applicable Laws may reasonably be expected to apply.

(xiii) The Tax attributes of the assets of Company are accurately reflected in all material respects in the Tax Returns of Company and have not adversely changed since the date of

such Tax Returns, except to the extent that such attributes have been used in the ordinary course or as a result of completion of any transaction contemplated by this Agreement.

(xiv) There are no circumstances existing which could result in the application of section 78 or sections 80 to 80.04 of the ITA, or any equivalent provision under provincial Applicable Law, to Company.

(xv) Other than in the ordinary course, Company has not claimed nor will it claim any reserve under any provision of the ITA or any equivalent provincial provision, if any amount could be included in the income of Company for any period ending after the Effective Time.

(xvi) Company is a taxable Canadian corporation as defined in subsection 89(1) of the ITA.

(xvii) Company is not a non-resident of Canada within the meaning of the ITA.

(xviii) As at December 31, 2019, Company had tax attributes, determined in accordance with the ITA, of not less than those amounts disclosed in the Tax Returns for the year ended December 31, 2019 as filed on June 17, 2020 and prepared and filed by KPMG LLP.

(i) Reporting Issuer Status. Company is a "reporting issuer" in each of the Provinces of Canada, other than Québec, and is in material compliance with all Applicable Canadian Securities Laws therein and the Company Shares are listed and posted for trading on the TSX. Company is not in default of any material requirements of Applicable Canadian Securities Laws in such jurisdictions or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Company Shares or any other securities of Company is pending or, to the knowledge of Company, threatened or is expected to be implemented or undertaken and, to the knowledge of Company, is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. To the knowledge of Company, none of its officers or directors are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public entity or of an entity listed on a particular stock exchange. The documents and information comprising the Company Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any Misrepresentation, unless such document or information was subsequently corrected or superseded in the Company Public Record prior to the date hereof and all material facts regarding Company are disclosed in the Company Public Record. Company has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Company with the Securities Authorities since becoming a "reporting issuer". Company has not filed any confidential material change report that, at the date hereof, remains confidential.

(j) Capitalization. As of the date hereof, the authorized capital of Company consists of an unlimited number of Company Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 160,995,692 Company Shares and no other shares are issued and outstanding. Other than Company Options to acquire up to 11,299,027 Company Shares and the Company Debentures, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Company of any securities of Company (including Company Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Company (including Company Shares). There are no more than 8,928,571 Company Shares issuable upon the conversion of the Company Debentures. All outstanding Company Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to,

nor were they issued in violation of, any pre-emptive rights and (i) all Company Shares issuable upon the exercise of Company Options in accordance with the terms of such options, and (ii) all Company Shares issuable upon the conversion of the Company Debentures, will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Company Shares, there are no securities of Company outstanding which have the right to vote generally (or, except for the Company Options and the Company Debentures, are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the Company Shareholders on any matter. To the knowledge of Company, none of the Company Shares are the subject of any escrow, voting trust, shareholder rights agreement or other similar agreement. As of the date hereof, 2,616,308 Company DSUs, 1,937,305 Company RSUs and 1,571,279 Company PSUs are outstanding. Other than the issuance of not more than 130,000 Company DSUs, no Company Incentive Awards have been or will be granted by Company after the date hereof.

(k) Equity Monetization Plans. Other than the Company Options and the Company Incentive Awards, there are no outstanding stock options, restricted or deferred share units, performance share units, stock appreciation rights, phantom equity, profit sharing plan or any other similar rights, agreements, arrangements or commitments payable to any director, officer or employee of Company and which are based upon the revenue, value, income or any other attribute of Company.

(l) Financial Reports. The Company Financial Statements, and any interim or annual financial statements filed by or on behalf of Company on and after the date hereof with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws, were or, when so filed, will have been prepared, in all material respects, in accordance with IFRS (except in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present or, when so filed, will present fairly in accordance with IFRS the financial position, results of operations and changes in financial position of Company as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). Company does not intend to correct or restate, nor, to the knowledge of Company, is there any basis for any correction or restatement of any aspect of the Company Financial Statements. There has been no material change in Company's accounting policies, except as described in the notes to the Company Financial Statements, since January 1, 2020.

(m) Reportable Disagreements. There has not been a reportable disagreement (within the meaning of section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*) with Company's auditors.

(n) Books and Records. The financial books, records and accounts of Company, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions involving Company; and (iii) accurately and fairly reflect the basis for the Company Financial Statements. The corporate records and minute books of Company have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects (other than those minutes of the meetings of the Company Board or committees thereof which are in draft form or relate to the transactions contemplated hereby), and full access thereto has been provided to Purchaser.

(o) Absence of Undisclosed Liabilities. Company has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:

(i) those set forth or adequately provided for in the most recent consolidated statement of financial position and associated notes thereto included in the Company Financial Statements (the **"Company Balance Sheet"**);

(ii) those incurred in the ordinary course of business since the date of the Company Balance Sheet and not required to be set forth in the Company Balance Sheet and consistent with past practice; and

(iii) those incurred in connection with the execution of this Agreement.

(p) Absence of Certain Changes or Events. Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2019:

(i) Company has conducted its business only in the ordinary course of business consistent with past practice;

(ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Company has been incurred other than in the ordinary course of business consistent with past practice;

(iii) except as set out in the Company Disclosure Letter, there are no outstanding authorizations for expenditure over $100,000 pertaining to any of the Company Assets or any other commitments, approvals, authorizations pursuant to which an expenditure over $100,000 may be required to be made in respect of such Company Assets; and

(iv) there has been no Material Adverse Change in respect of Company.

(q) Registration, Exemption Orders, Licenses, etc.

(i) Company has obtained and is in compliance with all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted (collectively, the "**Governmental Authorizations**"), except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Such Governmental Authorizations are in full force and effect in accordance with their terms, and, to the knowledge of Company, no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(ii) no proceedings are pending or, to the knowledge of Company, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither Company nor any of its officers or directors has received

notice, whether written or oral, of revocation, non-renewal or material amendments of any material Governmental Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such material Governmental Authorization.

(r) Compliance with Laws. Company is not in violation of any Applicable Laws which violation could reasonably be expected to have a Material Adverse Effect. The operations and business of Company is and has been carried out in compliance with and not in violation of any Applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or would significantly impact the ability of Company to consummate the Arrangement, and Company has not received any notice of any alleged violation of any such Applicable Laws.

(s) Non-Arm's Length Transactions. Except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, existing employment agreements, existing agreements respecting Company Options and Company Incentive Awards, and existing agreements respecting retention payments, there are no Contracts or other transactions (including with respect to loans or other indebtedness) currently in place between Company, on the one hand, and: (i) any officer, director or employee of, or consultant of Company; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of Company; or (iii) any associate or affiliate of any such Person.

(t) Off-Balance Sheet Arrangements. Company does not have any "off-balance sheet arrangements" (as such term is defined under IFRS).

(u) Capital Commitments. The capital spending program of Company as set out in the Company Disclosure Letter sets out all commitments to expend any capital expenditures in excess of $100,000, individually or in the aggregate, to which Company is subject.

(v) Company Reserves Report. Company has made available to GLJ, prior to the issuance of the Company Reserves Report for the purpose of preparing the Company Reserves Report, all information requested by GLJ, as applicable, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices, Company has no knowledge of a material adverse change in any production, cost, price, reserves or other relevant information provided to GLJ, as applicable, since the date that such information was provided. Company believes that the Company Reserves Report reasonably present the quantity and pre-tax net present values of the crude oil, natural gas liquids and natural gas reserves attributable to the properties evaluated in such report as of the effective date of the report based upon information available at the time such reserve information was prepared, and Company believes that, at the date of such report, such report did not (and as of the date of this Agreement, except as may be attributable to production of the reserves since the date of such report, such report do not) overstate the aggregate quantity or pre-tax net present values of such reserves or the estimated reserves producible therefrom.

(w) Title. Although it does not warrant title: (i) Company does not have reason to believe that Company does not have good and marketable title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons and represents and warrants that such interests are free and clear of all Encumbrances (other than Permitted Encumbrances) created by, through or under Company, and that Company has not received written notice of any default or purported default under, nor has there been any act or omission by Company that could reasonably constitute a breach of or a default under, the leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements in which Company derives its interests in its oil and gas properties that have not been remedied in all material respects or if unremedied would

have a Material Adverse Effect; and (ii) there are no defects, failures or impairments in the title of Company to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened in writing or whether or not discovered by any third party, which in the aggregate, could materially adversely affect: (A) the quantity and pre-tax net present values of such assets as reflected in Company's most recent reserve report prepared by GLJ and provided to Company; (B) the current production volumes of Company; or (C) the current cash flow of Company.

(x) Pre-emptive Rights. Except as set out in the Company Disclosure Letter, there are no rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or assets of Company that will be triggered or accelerated by the Arrangement.

(y) No Insider Rights. No director, officer, employee, insider or other Person not at arm's length to Company has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, participation interest or any other interest whatsoever, in any assets or properties of Company.

(z) Area of Mutual Interest. Except as set out in the Company Disclosure Letter, none of the oil and gas assets of Company is subject to an agreement that provides for an area of mutual interest or an area of exclusion.

(aa) Take or Pay Obligations, Land Dedication Agreements, Reserves Dedication Agreements and Marketing Agreements. Except as set out in the Company Disclosure Letter: (i) Company does not have any take or pay obligations of any kind or nature whatsoever; (ii) Company is not party to any land dedication agreements and reserves dedication agreements; and (iii) Company is not party to any material marketing agreements.

(bb) Government Incentives. All filings made by Company under which Company has received or is entitled to government incentives have been made in compliance with all Applicable Laws and contain no misrepresentations which could cause any material amount previously paid to Company or previously accrued on the accounts thereof to be recovered or disallowed. Except as set out in the Company Disclosure Letter, any credits, payments or other benefits received or receivable by Company pursuant to any governmental benefit or incentive program including any royalty holidays or credits to any taxes, royalties or governmental payment or obligations otherwise payable, have been properly received and it has not received any notice of any claim to the contrary.

(cc) Royalties, Rentals and Taxes Paid. There have been paid within applicable time limits all relevant ad valorem, property, production, severance and similar Taxes, assessments, deposits and rentals and there have been performed and observed all obligations and covenants required to keep the Leases in full force and effect, except to the extent that such non-payment could, in the aggregate, have a material adverse effect on: (x) the quantity and pre-tax present worth values of the Company Assets; (y) the current production volumes of Company; or (z) the current cash flow of Company.

(dd) Outstanding AFE's. Except as set out in the Company Disclosure Letter, to the knowledge of Company, there are no outstanding cash calls, equalization payments or authorizations for expenditure which exceed $100,000 pursuant to which expenditures will or may be made in respect of the Company Assets.

(ee) Penalties. Except as set out in the Company Disclosure Letter, Company does not have any knowledge that it has not elected or refused to participate in any exploration, development or other operation on the Lands, which has or, to the knowledge of Company, may give rise to penalties or forfeitures.

(ff) Reduction of Interest. Except as set out in the Company Disclosure Letter, Company has not participated in any exploration, development or other operation on the Lands, which has or to the knowledge of Company, may give rise to a reduction of interest by virtue of conversion.

(gg) Production. Company's average daily production for the month of June 2020 was not less than 49,599 boe per day of natural gas, oil and natural gas liquids. For the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes.

(hh) Production Allowables. To the knowledge of Company, none of the wells in which Company holds an interest have been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority, and Company has no knowledge of any impending change in production allowables imposed by any Applicable Laws or any Governmental Authority that may be applicable to any of the wells in which it holds an interest, other than changes of general application in the jurisdiction in which such wells are situate.

(ii) Production Penalties. None of the Wells are subject to any material production penalty or restriction arising from the overproduction of Petroleum Substances from the Lands (other than those imposed in the ordinary course of the oil and gas industry by a Governmental Authority).

(jj) Wells.

(i) All Wells for which Company was or is operator, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly reclaimed or restored) in accordance with good and prudent petroleum and natural gas industry practices in Canada and all Applicable Laws.

(ii) All Wells for which Company was not or is not operator, to the knowledge of Company, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly reclaimed or restored) in accordance with good and prudent petroleum and natural gas industry practices in Canada and all Applicable Laws.

(kk) Tangibles. The Tangibles used or intended for use in connection with the Petroleum and Natural Gas Rights:

(i) for which Company was or is operator, were or have been constructed, operated and maintained in accordance, in all material respects, with good and prudent petroleum and natural gas industry practices in Canada and all Applicable Laws during all periods in which Company was operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business; and

(ii) for which Company was not or is not operator, to the knowledge of Company, were or have been constructed, operated and maintained in accordance, in all material respects, with good and prudent petroleum and natural gas industry practices in Canada and all Applicable Laws during all periods in which Company was not operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business.

(ll) Seismic Data. The Company Disclosure Letter sets forth that portion of the seismic data that is used by, but not owned by, Company for which all transfer fees and charges are included in the Seismic

Change of Control Payment (the "**Seismic Data**"). All fees in respect of Seismic Data (including those payable on a change of control or transfer) in respect of which Company (or the relevant operator) has a licence, have been duly paid.

(mm) Environmental. To the knowledge of Company, except to the extent that any violation or other matter referred to in this Section (mm) does not, and would not reasonably be expected to, have a Material Adverse Effect:

(i) Company is not in violation of any applicable Environmental Laws;

(ii) Company has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in material compliance with Environmental Laws;

(iii) except as set out in the Company Disclosure Letter, there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Company, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Company, that have not been remediated in material compliance with Environmental Laws;

(iv) no orders, directions, directives, demands or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Company;

(v) Company holds all Environmental Approvals required in connection with the operation of its business and the ownership and use of the Company Assets, all Environmental Approvals are in full force and effect, and Company has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any of its Environmental Approvals are about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(vi) there are no pending or, to the knowledge of Company, threatened claims, liens or Encumbrances (other than Permitted Encumbrances) resulting from Environmental Laws with respect to any of the properties of Company currently or formerly owned, leased, operated or otherwise used; and

(vii) Company has not assumed, indemnified or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third party pursuant to applicable Environmental Laws.

(nn) First Nations, Métis and Native Matters. The Company Disclosure Letter discloses all of the contracts, agreements, arrangements or understandings to which Company is a party with First Nations, Métis, tribal or native authorities or communities in relation to the environment or development of communities in the vicinity of any of the assets or properties of Company which are material to Company. Company has not received notice of any claim with respect to any of the assets or properties of Company for which Company has been served, either from First Nations, Métis, tribal or native authorities or any Governmental Authority, indicating that any of such assets or properties infringe upon or has an adverse effect on any aboriginal rights or interests of such First Nations, Métis, tribal or native authorities.

(oo) Intellectual Property.

(i) Company has no right, title or interest in and to, nor does Company hold any, license in respect of any patents, trade-marks, trade names, service marks, copyrights, know-how, trade secrets, software, technology, or any other intellectual property and proprietary rights that are material to the conduct of any business related to its assets, as now conducted.

(ii) All computer hardware and their associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of any business related to Company's assets (collectively, the "**Technology**") are up-to-date and reasonably sufficient for conducting any business related to its assets, as now conducted.

(iii) Company owns or has validly licensed (and is not in breach of such licenses in any material respect) such Technology and has sufficient virus protection and security measures in place in relation to such Technology.

(iv) Company has reasonably sufficient backup systems and audit procedures and disaster recovery strategies adequate to ensure the continuing availability of the functionality provided by the Technology, and has ownership of or a valid license to the intellectual property rights necessary to allow it to continue to provide the functionality provided by the Technology in the event of any malfunction of the Technology or other form of disaster affecting the Technology.

(pp) Company Material Contracts. The Company Disclosure Letter lists all of the Contracts, correct, current and complete copies of which have been made available to Purchaser, which are outside of the ordinary course of the business, non-industry standard, relate to indebtedness for borrowed money or any other material liability or obligation, or are otherwise material to Company (the "**Company Material Contracts**"). Each of the Company Material Contracts constitutes a legally valid and binding agreement of Company, enforceable in accordance with its respective terms and, to the knowledge of Company, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such Company Material Contract or agreement which is material to the business of Company and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default. Company has not received any written notice that any party to a Company Material Contract intends to cancel, terminate or not renew its relationship with Company and, to the knowledge of Company, no such action is pending or threatened.

(qq) Employee Benefit Plans. Company has made available to Purchaser true, complete and correct copies of each employee benefits plan (collectively, the "**Company Plans**") covering active, former or retired employees of Company, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

(i) each Company Plan has been established, funded, invested, maintained and administered in material compliance with its terms;

(ii) all required employer contributions under any such plans have been made or are accurately reflected on Company's books and records and the applicable funds have been funded in accordance with the terms thereof;

(iii) each Company Plan that is required or intended to be qualified under Applicable Laws or registered or approved by a Governmental Authority has been so qualified, registered or

approved by the appropriate Governmental Authority, and to the knowledge of Company, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;

(i) other than the Company Options and the Company Incentive Awards, none of the Company Plans provide for benefit increases or the acceleration of funding obligations that are contingent upon, or will be triggered by the entering into of this Agreement or the completion of the Arrangement;

(iv) to the knowledge of Company, there are no pending or anticipated material claims against or otherwise involving any of the Company Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Company Plan activities) has been brought against or with respect to any Company Plan;

(v) no Company Plan is a "registered pension plan" as such term is defined in the ITA;

(vi) all material contributions, reserves or premium payments required to be made to the Company Plans have been made or provided for; and

(vii) Company has no obligations for retiree health and life benefits under any Company Plan.

(rr) Employees.

(i) The Company Disclosure Letter sets out a complete list of all employees and contractors of Company, including the current salary or fee rate, incentive compensation (including commissions, bonuses, equity incentives and other variable pay), benefits, start date, full-time or part-time status, job title or classification and location of employment or engagement of each employee and contractor.

(ii) The Company Disclosure Letter sets out a complete list of all employees of Company who are on disability leave, maternity leave, parental leave or other authorized or unauthorized leave of absence from Company, which list indicates each employee's reason for leave, expected date of return from leave (if known) and entitlement to or eligibility for benefits while on leave.

(iii) All of the Persons who are receiving remuneration for work or services provided to Company who are not employees or directors are treated as independent contractors.

(iv) Except for the Company Employee Costs (if any), the Executive Employee Termination Packages or as otherwise set out in the Company Disclosure Letter, Company has not paid and will not be required to pay any bonus, fee, distribution, remuneration or other compensation to any employee or contractor as a result of the transactions contemplated by this Agreement (other than salaries, wages or fees paid or payable to employees and contractors in the ordinary course of business).

(v) To the knowledge of Company, Company is in material compliance with all Applicable Laws in respect of employees and contractors, including employment standards, workers' compensation, human rights, privacy, labour relations and occupational health and safety matters.

(vi) Company is not a party to any application, complaint or legal proceeding under any Applicable Laws relating to employees, contractors, former employees or former

contractors. Company is not aware of any factual or legal basis on which any such proceeding might be commenced.

(vii) There are no outstanding claims, decisions, directives, orders, charges, tickets, notices or settlements or pending settlement under applicable employment standards legislation, human rights legislation, privacy legislation, labour relations legislation or occupational health and safety legislation against Company. All costs, charges, experience rating assessments or other assessments or other liabilities, contingent or otherwise, under workers' compensation legislation or other legislation relating to industrial accidents and/ or occupational disease have been paid or are accurately reflected on Company's books and records.

(viii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of Company by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have Company declared a related employer, true employer or successor employer pursuant to applicable labour relations legislation. Company has not engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other material labour dispute is occurring. To the knowledge of Company, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour-related disputes pertaining to Company that could reasonably be expected to lead to a material and continuing interruption of operations of Company at any location.

(ix) Company has not recognized any trade union, staff association, staff council, works council, or other organization formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organization formed for or in respect of any arrangements having a similar purpose is required by Company for the purpose of consummating the transactions contemplated by this Agreement. To the knowledge of Company, there are no organizational efforts currently being made, threatened by or on behalf of, any trade union, staff association, staff council, works council, or other organization with respect to any employees or contractors of Company.

(ss) Employment Agreements. Except as set out in the Company Disclosure Letter:

(i) Company is not a party to any written contract of employment: (A) specifying severance, termination pay, notice of termination (or pay in lieu thereof) upon termination of employment without cause; or (B) which provides for payments or other benefits occurring on a "change of control" of Company, and,

(ii) all executive compensation arrangements are accurately described in Company's management information circular dated March 20, 2020 and have not been materially modified since that date.

(tt) Brokers and Finders. Company has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, except that RBC Dominion Securities Inc., TD Securities Inc. and Raymond James Ltd. have been retained as Company's financial advisors in connection with certain matters including the transactions contemplated hereby.

(uu) Employment and Officer Obligations. Except as set out in the Company Disclosure Letter, there are no existing health plans or pension obligations or other employment or consulting services

agreements, termination, severance and retention plans or policies of Company or accrued bonuses payable to any present or former employee, director, officer, consultant or contractor of Company.

(vv) Indebtedness To and By Directors, Officers and Others. Company is not indebted to any of the directors, officers or employees of, or consultants to, Company or any of their respective associates or affiliates or other parties not at arm's length to Company, except for amounts due as normal compensation or reimbursement of ordinary business expenses, nor is there any indebtedness owing by any such parties to Company.

(ww) Fairness Opinion. The Company Board has received the Company Fairness Opinion from TD Securities Inc., a financial advisor to Company, that, as of the date thereof and subject to the assumptions and limitations set out therein, the consideration to be received by the Company Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Company Shareholders.

(xx) Long Term and Derivative Transactions. Except as set out in the Company Disclosure Letter, Company has no obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.

(yy) No Limitation. There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Company is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of Company in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement does not and will not result in the restriction of Company from engaging in its business or from competing with any Person or in any geographic area.

(zz) Insurance. Policies of insurance that are in force as of the date hereof naming Company as an insured adequately and reasonably cover all risks as are customarily covered by upstream oil and gas companies in the industry in which Company operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect Company's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

(aaa) Proceeds of Crime. To the knowledge of Company, Company has not, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Company and its operations and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

(bbb) Whistleblower Reporting. As of the date of this Agreement, no Person has reported evidence of a violation of any Applicable Canadian Securities Laws, breach of fiduciary duty or similar violation

by Company or its officers, directors, employees, agents or independent contractors to an officer of Company, the audit committee (or other committee designated for that purpose) of the Company Board.

(ccc) Board Approval. Based upon, among other things, the opinion of TD Securities Inc., the Company Board has unanimously determined that the Arrangement is fair, from a financial point of view, to the Company Shareholders, has unanimously determined that the Arrangement is in the best interests of Company and the Company Shareholders, and has resolved unanimously to recommend that the Company Securityholders vote in favour of the Arrangement.

(ddd) Rights Plans. Company does not have and will not implement any shareholder rights plan or any other form of plan, Contract or instrument that will trigger any rights to acquire Company Shares or other securities of Company or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement, with the exception of the Company Option Plan, the Company DSU Plan, the Company RSU Plan and the Company PSU Plan.

(eee) No Guarantees and Indemnities. The Company Disclosure Letter lists all of the guarantees, indemnities, letters of credit, surety and performance bonds and other security that Company has outstanding. Except for an indemnification of directors and officers as listed in the Company Disclosure Letter in accordance with existing indemnification agreements (which have been made available to Purchaser), the by-laws of Company or Applicable Laws and other than standard indemnity agreements in underwriting and agency agreements, credit facilities, transfer agent and registrar agreements, and in the ordinary course provided to customers of Company's business in Company's standard form contracts, Company has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.

(fff) No Encumbrances. Company has not encumbered or alienated its interest in the Company Assets or agreed to do so and such assets are free and clear of all Encumbrances (other than Permitted Encumbrances), created by, through or under Company, except for those arising in the ordinary course of business, which are not material in the aggregate.

(ggg) Company Transaction Costs. The Company Disclosure Letter sets out Company's bona fide good faith estimate of the aggregate amount and each component of the Company Transaction Costs and, provided that no significant events, challenges or revisions to the transactions contemplated by this Agreement occur, the aggregate Company Transaction Costs will not exceed the amount reflected therein.

APPENDIX C – INTERIM ORDER

(*See attached*)

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, RSA 2000, c B-9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING PAINTED PONY ENERGY LTD., ITS SECURITYHOLDERS AND CANADIAN NATURAL RESOURCES LIMITED
APPLICANT	PAINTED PONY ENERGY LTD.
RESPONDENT	NOT APPLICABLE
DOCUMENT	**INTERIM ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2nd Street SW Calgary, AB T2P 4J8 Attention: David Tupper, Ian Breneman Telephone: 403-260-9722, 403-260-9715 Facsimile: 403-260-9700 Email: david.tupper@blakes.com, ian.breneman@blakes.com File Ref: 89354/61
DATE ON WHICH ORDER WAS PRONOUNCED:	August 31, 2020
NAME OF JUDGE WHO MADE THIS ORDER:	Justice Goss
LOCATION OF HEARING:	Edmonton Law Courts

UPON the Originating Application (the "**Originating Application**") of Painted Pony Energy Ltd. (the **"Applicant"**);

AND UPON reading the Originating Application, the affidavit of Patrick R. Ward, President and Chief Executive Officer of Painted Pony, sworn August 24, 2020 (the "**Affidavit**") and the documents referred to therein;

AND UPON HEARING counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

(a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft information circular of the Applicant which is attached as Exhibit 1 to the Affidavit; and

(b) all references to "Arrangement" used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule A to the arrangement agreement (the "**Arrangement Agreement**"), which Arrangement Agreement is attached as Appendix B of the information circular of the Applicant (the "**Information Circular**").

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the holders of common shares (the "**Shares**") of the Applicant (the "**Shareholders**") and the holders of options to acquire common shares (the "**Options**") of the Applicant (the "**Optionholders**"; and together with the Shareholders, the "**Securityholders**") in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct a special meeting (the "**Meeting**") of Securityholders on or about October 1, 2020, at 3:00 p.m. (Calgary time). At the Meeting, the Securityholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix A to the Information Circular (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.

3. A quorum at the Meeting shall be at least two persons, being a Shareholder entitled to vote or a duly appointed proxy or representative for an absent Shareholder entitled to vote, and representing in the aggregate not less than 25% of the Shares entitled to be voted at the Meeting.

4. If within 30 minutes from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to a date not less than two and not more than 30

days later, as may be determined by the Chair of the Meeting. No notice of the adjourned meeting shall be required and, if at such adjourned meeting a quorum is not present, the Securityholders present at the adjourned meeting in person or represented by proxy shall constitute a quorum for all purposes.

5. Each Share and each Option entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.

6. The record date for Securityholders entitled to receive notice of and vote at the Meeting shall be August 31, 2020 (the "**Record Date**"). Only Securityholders whose names have been entered on the register of Shareholders and the registered of Optionholders of the Applicant as at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting provided that, to the extent a Shareholder transfers the ownership of any Shares after the Record Date and the transferee of those Shares produces properly endorsed Share certificates or otherwise establishes ownership of such Shares and demands, not later than 10 days before the Meeting, to be included on the list of Shareholders entitled to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

7. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of the Applicant in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the ABCA or the articles or by-laws of the Applicant, the terms of this Order shall govern.

Conduct of the Meeting

8. The only persons entitled to attend the Meeting shall be Securityholders or their authorized proxyholders, the Applicant's directors and officers and its auditors, the Applicant's legal counsel, representatives and legal counsel of other parties to the Arrangement, and such other persons who may be permitted to attend by the Chair of the Meeting.

9. The number of votes required to pass the Arrangement Resolution shall be:

   (a) two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting;

   (b) two-thirds of the Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and

(c) a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, after excluding the votes cast by Securityholders whose votes must be excluded in accordance with *Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions*, if any.

10. To be valid, a proxy must be deposited with the TSX Trust Company of Canada in the manner described in the Information Circular.

11. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

12. The Applicant is authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Securityholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the Applicant determines is appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postposed, as the context allows.

Amendments to the Arrangement

13. The Applicant and Canadian Natural Resources Limited ("**CNRL**") are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

14. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, form of proxy ("**Proxy**"), notice of special meeting ("**Notice of Meeting**"), form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most

reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:

(a) the Applicant shall advise the Securityholders of the material change or material fact by disseminating a news release (a "**News Release**") in accordance with applicable securities laws and the policies of the TSX; and

(b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Securityholders or otherwise give notice to the Securityholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid.

Dissent Rights

15. The registered holders of Shares of the Applicant are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under section 191 of the ABCA with respect to the Arrangement Resolution and the right be paid the fair value of their Shares by the Applicant in respect of which such right to dissent was validly exercised.

16. In order for a registered Shareholder (a "**Dissenting Shareholder**") to exercise such right to dissent under section 191 of the ABCA:

(a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant, care of its solicitors Blake, Cassels & Graydon LLP, Suite 3500, 855 2nd Street SW, Calgary, Alberta, T2P 4J8, Attention: David Tupper, not later than 4:00 p.m. (Calgary time) on September 24, 2020, or 4:00 p.m. on the day that is five business days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be;

(b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under clause 16(a) herein;

(c) a Dissenting Shareholder shall not have voted all or a portion of his or her Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

(d) a Dissenting Shareholder may not exercise the right to dissent in respect of only a portion of the Shareholder's Shares, but may dissent only with respect to all of the Shares held, beneficially or of record, by the Dissenting Shareholder; and

(e) the exercise of such right to dissent must otherwise comply with the requirements of section 191 of the ABCA, as modified and supplemented by this Order and the Arrangement.

17. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the Securityholders and shall be paid to the Dissenting Shareholders by the Applicant as contemplated by the Arrangement and this Order.

18. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 15 and 16 above, and who:

i. are determined to be entitled to be paid the fair value of their Shares, shall be deemed to have transferred such Shares as of the effective time of the Arrangement (the "**Effective Time**"), without any further act or formality and free and clear of all liens, claims and encumbrances to the Applicant in exchange for the fair value of the Shares; or

ii. are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder and such Shares will be deemed to be exchanged for the consideration under the Arrangement,

but in no event shall the Applicant, CNRL or any other person be required to recognize such Shareholders as holders of Shares after the Effective Time, and the names of such Shareholders shall be removed from the register of Shares.

19. Subject to further order of this Court, the rights available to Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Shareholders with respect to the Arrangement Resolution.

20. Notice to the Shareholders of their right to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the

Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Shareholders in accordance with paragraph 22 of this Order.

Notice

21. The Information Circular, substantially in the form attached as Exhibit 1 to the Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of Meeting, the Proxy, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable including the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those Securityholders who hold Shares and Options, as of the Record Date, the directors of the Applicant, and the auditors of the Applicant, by one or more of the following methods:

    (a) in the case of registered Securityholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;

    (b) in the case of non-registered Securityholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54 -101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*; and

    (c) in the case of the directors and auditors of the Applicant, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting.

22. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Securityholders, the directors and auditors of the Applicant of:

    (a) the Originating Application;

    (b) this Order;

    (c) the Notice of Meeting; and

    (d) the Notice of Originating Application.

Final Application

23. Subject to further order of this Court, and provided that the Securityholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on October 2, 2020 at 4:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicant, all Securityholders and all other persons affected will be bound by the Arrangement in accordance with its terms.

24. Any Securityholder or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 4:00 p.m. on September 25, 2020, a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, Blake, Cassels & Graydon LLP, Suite 3500, 855 2nd Street SW, Calgary, Alberta, T2P 4J8, Attention: David Tupper.

25. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 24 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

26. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

"*Justice Goss*"

Justice of the Court of Queen's Bench of Alberta

APPENDIX D – FAIRNESS OPINION

(*See attached*)

TD Securities
TD Securities Inc.
66 Wellington Street West
TD Bank Tower, 7th Floor
Toronto, Ontario M5K 1A2

PRIVILEGED & CONFIDENTIAL

August 9, 2020

The Board of Directors of Painted Pony Energy Ltd.
520 – 3rd Avenue S.W. Suite 1200
Calgary, Alberta
T2P 0R3

To the Board of Directors of Painted Pony Energy Ltd.:

TD Securities Inc. ("TD Securities") understands that Painted Pony Energy Ltd. ("Painted Pony") is considering entering into an arrangement agreement (the "Arrangement Agreement") with Canadian Natural Resources Limited ("CNRL"), pursuant to which CNRL would, among other things, acquire all of the issued and outstanding common shares (the "Common Shares") of Painted Pony pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement"). Pursuant to the terms of the Arrangement Agreement, the holders of Common Shares (the "Shareholders") would receive $0.69 in cash per Common Share (the "Consideration"). The above description is summary in nature. The specific terms and conditions of the Arrangement are set out in the Arrangement Agreement and are to be more fully described in the notice of special meeting of Shareholders and management information circular ("Information Circular") which is to be sent to Shareholders in connection with the Arrangement.

ENGAGEMENT OF TD SECURITIES

TD Securities was initially contacted by Painted Pony on March 16, 2020, regarding a potential advisory assignment. TD Securities was formally engaged as a financial advisor by Painted Pony pursuant to an engagement agreement (the "Engagement Agreement") effective May 16, 2020, to provide financial advisory services to Painted Pony in connection with the Arrangement. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Information Circular, along with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by Painted Pony with the applicable Canadian securities regulatory authorities.

Pursuant to the Engagement Agreement, Painted Pony has asked TD Securities to prepare and deliver to the Board of Directors of Painted Pony (the "Board") an opinion (the "Opinion") as to the fairness, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement. TD Securities has not prepared a valuation of Painted Pony or any of its securities or assets and this Opinion should not be construed as such.

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The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of this Opinion and a portion of which is contingent on completion of the Arrangement and will be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Painted Pony has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, investigations, damages and liabilities, which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On August 9, 2020, at the request of the Board, TD Securities orally delivered the Opinion to the Board based upon and subject to the scope of review, assumptions and limitations and other matters described herein and contemplated by the Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by TD Securities on August 9, 2020.

Credentials of TD Securities

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

This Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship with Interested Parties

Neither TD Securities nor any of its affiliated entities is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Painted Pony, CNRL, or any of their respective associates or affiliates (collectively, the "Interested Parties", or individually an "Interested Party"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to Painted Pony pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of Painted Pony, CNRL or any other Interested Party, and have not had a material financial interest in any transaction involving Painted Pony, CNRL or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted with respect to the engagement of TD Securities by Painted Pony, other than as described herein. TD

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Securities acted as (i) co-lead arranger, joint bookrunner, and administrative agent on Painted Pony's outstanding $325 million revolving credit facility; (ii) exclusive financial advisor to CNRL on its acquisition of the assets of Devon Canada Corporation from Devon Energy Corp. for $3.775 billion in May 2019; (iii) sole underwriter, sole bookrunner, and administrative agent on the $3.25 billion term loan for CNRL due June 2022; (iv) senior co-manager on the US$600 million note tranche for CNRL due July 2025; (v) senior co-manager on the US$ 500 million note tranche for CNRL due July 2030; (vi) lead arranger and documentation agent on CNRL's outstanding $2.425 billion revolving credit facility due June 2023; and (vii) lead arranger and syndication agent on CNRL's outstanding $2.425 billion revolving credit facility due June 2022.

The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, directly or through one or more affiliates, provides banking services and other financing services to entities related to Painted Pony and CNRL in the normal course of business.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Painted Pony, CNRL or any other Interested Party.

The fees paid to TD Securities in connection with the foregoing activities, together with the fees payable to TD Securities pursuant to the Engagement Agreement, are not financially material to TD Securities. No understandings or agreements exist between TD Securities and any Interested Party with respect to future financial advisory or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Painted Pony, CNRL or any other Interested Party. TD Bank may continue to provide in the future, in the ordinary course of business, banking services and other financing services to entities related to Painted Pony, CNRL or any other Interested Party in the normal course of business.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. A draft of the Arrangement Agreement dated as of August 9, 2020;

2. Painted Pony's audited financial statements and related management's discussion and analysis, for the years ended December 31, 2019, 2018, and 2017;

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3. Painted Pony's unaudited financial statements and related management's discussion and analysis for the period ended March 31, 2020;

4. annual information forms for Painted Pony for the years ended December 31, 2019, 2018, and 2017;

5. notices of annual meetings and management information circulars of Painted Pony for the years ended December 31, 2019, 2018, and 2017;

6. lease operating statements of Painted Pony for the 12 months ended May 31, 2020;

7. budgets, forecasts, well schedules, projections and estimates provided for Painted Pony by or on behalf of Painted Pony management;

8. presentation and supporting materials provided to TD Securities covering technical aspects of Painted Pony's assets;

9. the reserve report for Painted Pony (including detailed property reports), as of December 31, 2019;

10. land, production, operation, facilities and infrastructure, transportation and marketing, and environmental summary documents of Painted Pony;

11. other various financial and operational information regarding Painted Pony;

12. representations contained in a certificate dated August 9, 2020 from senior officers of Painted Pony (the "Certificate");

13. discussions with senior management of Painted Pony and its subsidiaries with respect to various risks and opportunities, long-term prospects and other issues and matters considered relevant by TD Securities;

14. various research publications prepared by industry and equity research analysts regarding Painted Pony and other selected public entities considered relevant;

15. public information relating to the business, operations, financial performance and security trading history of Painted Pony and other selected public entities considered relevant;

16. public information with respect to certain other transactions of a comparable nature considered relevant; and

17. such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Painted Pony to any information requested by TD Securities. TD Securities did not meet with the auditors of Painted Pony and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of Painted Pony and any reports of the auditors thereon.

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PRIOR VALUATIONS

Senior officers of Painted Pony, in their capacities as officers and not in their personal capacities, have represented to TD Securities in the Certificate that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to Painted Pony or any of its material assets or liabilities made in the preceding 24 months and in the possession or control of Painted Pony other than those which have been provided to TD Securities or, in the case of valuations known to Painted Pony which it does not have within its possession or control, notice of which has not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With Painted Pony's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of the information, data and other material (collectively, the "Information") provided to it by or on behalf of Painted Pony or its representatives in respect of Painted Pony or its subsidiaries, filed by Painted Pony with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")), or otherwise obtained by TD Securities, including the Certificate identified above, in connection with the Arrangement. The Opinion is conditional upon such accuracy, completeness and fair presentation of the Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

Senior officers of Painted Pony, in their capacities as officers and not in their personal capacities, have represented to TD Securities in the Certificate, among other things, that to the best of their knowledge, information and belief after due inquiry: (i) Painted Pony has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to Painted Pony, CNRL, or the Arrangement which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (ii) with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the Information obtained by TD Securities from Painted Pony's SEDAR filings or provided to TD Securities by or on behalf of Painted Pony or its representatives in respect of Painted Pony, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iii) to the extent that any of the Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been filed under Painted Pony's SEDAR profile, disclosed to TD Securities or updated by more current information provided to TD Securities by Painted Pony and, since the time such information was so filed, disclosed or updated, there has been no material change, financial or otherwise in the financial condition, assets, liabilities

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(contingent or otherwise), business, operations or prospects of Painted Pony and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion; and (iv) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Painted Pony, are (or were at the time of preparation) reasonable in the circumstances and reflect the best currently available estimates and good faith judgments by management of Painted Pony of the future competitive, operating and regulatory environments and related financial performance of Painted Pony.

In preparing the Opinion, TD Securities has made a number of assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Arrangement can and will be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Arrangement will be obtained in a timely manner, in each case without adverse condition, qualification, modification or waiver, that all steps or procedures being followed to implement the Arrangement are valid and effective and comply in all material respects with all applicable laws and regulatory requirements, that all required documents have been or will be distributed to Shareholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents is or will be complete and accurate in all material respects and such disclosure complies or will comply in all material respects with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities, Painted Pony, CNRL and their respective subsidiaries and affiliates or any other party involved in the Arrangement. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information. The Opinion is conditional on all such assumptions being correct.

The Opinion has been provided for the exclusive use of the Board in connection with the Arrangement. The Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Painted Pony, nor does it address the underlying business decision to implement the Arrangement or any other term or aspect of the Arrangement or any other agreements entered into or amended in connection with the Arrangement. In considering fairness, from a financial point of view, TD Securities considered the Arrangement from the perspective of Shareholders generally and did not consider the specific circumstances of Shareholders or any particular Painted Pony

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Shareholder. TD Securities expresses no opinion with respect to future trading prices of securities of Painted Pony. The Opinion is rendered as of August 9, 2020 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Painted Pony as they were reflected in the Information provided to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Board regarding, legal, accounting, regulatory or tax matters. The Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion, such as the Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of August 9, 2020, the Consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders.

Yours very truly,

TD Securities Inc.

TD SECURITIES INC.

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APPENDIX E – SECTION 191 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5), to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

If you have any questions or require any
assistance in executing your proxy or
Voting Instruction Form, please call
Gryphon Advisors Inc. at:

North American Toll-Free Number: 1-833-261-9730
Outside North America, Banks, Brokers and Collect Calls: (416) 661-6592
Email: inquiries@gryphonadvisors.ca
North American Toll-Free Facsimile: 1-877-218-5372
Facsimile: (416) 214-3224

PAINTED PONY ENERGY LTD.
1200, 520 – 3 Avenue SW | Calgary, AB T2P 0R3
P: (403) 475-0440
F: (403) 238-1487

Download the latest about Painted Pony Energy Ltd. at: http://www.paintedpony.ca. Painted Pony Energy Ltd. is traded on the TSX under the symbol “PONY”.