



GOVERNANCE COMMITTEE CHARTER

1. Purpose

The Governance Committee (the “**Committee**”) of Painted Pony Energy Ltd. (the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”).

The Committee shall provide direction and guidance with respect to the Corporation’s approach to corporate governance, and oversee the development, implementation and monitoring of policies and processes designed to promote effective corporate governance so as to create long-term sustainable value for the Corporation’s shareholders.

2. Objective

The objectives of the Committee are to assist the Board in fulfilling its responsibilities with respect to:

- (a) oversight of the Corporation’s policies and processes relating to corporate governance, including the processes and structure that define the division of power between the Board and executive officers, and establish mechanisms for achieving accountability and ensuring director independence;
- (b) review of the mandate of the Board and the charters of each Board committee; and
- (c) oversight of the Corporation’s systems, policies and processes for ethical business conduct, including the Corporation’s Code of Ethics and its policies regarding conflicts of interests.

3. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

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

Chair

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

The Chair shall be responsible for ensuring that the Committee is properly organized, functions effectively and meets its obligations and responsibilities. The Chair shall be responsible for the scheduling of Committee meetings and the establishment of meeting agendas. The Chair shall

liaise and communicate with the Chair of the Board to coordinate reports from the Committee at meetings of the Board.

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

Term of Members

Each member of the Committee is appointed by the Board and shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Delegation

The Committee may designate a sub-committee or any member to review any matter within this Charter as the Committee deems appropriate.

4. Meetings

Number of Meetings

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

Quorum

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

Calling of Meetings

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

Business at Meetings

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

Secretary

The General Counsel and Corporate Secretary of the Corporation shall serve as Secretary to the Committee. The Corporate Secretary shall advise the Committee regarding corporate governance matters; assist the Committee in monitoring corporate governance developments and best practices, and in identifying opportunities for enhancing governance practices for the Corporation; attend all Committee meetings; ensure proper minutes and other records are maintained regarding the business of the Committee; manage the preparation and delivery of Committee materials; and perform such other duties as may be required or requested from time

to time. The Corporate Secretary is responsible for advising the Committee on compliance with this Charter and the statutory and regulatory obligations of the Committee.

Minutes; Reporting to the Board

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

Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair should report to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

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

In Camera Meetings

At each of its meetings, the Committee shall hold an *in camera* meeting of Committee members, at which management or advisors are not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board, unless otherwise determined by the Committee or the Board.

Access to Information

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

5. Duties and Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

- (a) annually assess the Corporation's policies of a material nature pertaining to governance matters, and make recommendations aimed at enhancing governance effectiveness;
- (b) review overall governance principles, monitor governance best practices of comparable and leading companies, prepare recommendations for further enhancements to the Corporation's governance policies and practices, and report to the Board on the Corporation's approach to corporate governance for review, discussion or action by the Board or a committee thereof;

- (c) review the disclosure in the Corporation's public disclosure documents relating to corporate governance practices and prepare recommendations to the Board regarding any other reports required or recommended on corporate governance;
- (d) propose agenda items and content for submission to the Board related to corporate governance issues and provide periodic updates on recent developments in corporate governance to the Board;
- (e) consider, and provide reports to the Board regarding, the risks to the Corporation relating to corporate governance matters and provide recommendations for the management and mitigation of such risks;
- (f) review annually the Board of Directors Mandate and the charters for each committee of the Board, together with the Position Descriptions of each of the Chairman of the Board, Chairman of each committee and the CEO, and in connection therewith:
 - (i) recommend changes to the Board where necessary; and
 - (ii) recommend the appropriate structure, size, and composition of the committees;
- (g) oversee the Corporation's systems and policies relating to ethical business practices and compliance, including the Code of Ethics (the "**Code**"), and monitor compliance with and oversee the enforcement of the Code including as follows:
 - (i) receive reports from the management regarding breaches of the Code;
 - (ii) oversee the investigation of breaches of the Code, and review resolutions of complaints received under the Code;
 - (iii) consider and make recommendations to the Board regarding any proposed waivers granted from the Code for the benefit of the Corporation's directors or executive officers;
 - (iv) provide reports to the Board regarding material breaches of the Code, the complaints received under the Code and resolution of such matters;
 - (v) annually consider, and provide recommendations to the Board regarding, amendments and enhancements to the Code where it considers appropriate;
 - (vi) monitor, and receive and consider reports from management regarding, the effectiveness of the Corporation's ethics and compliance processes, and provide recommendations to the Board in that regard; and
 - (vii) monitor conflicts of interest (real or perceived) of both the Board and management in accordance with the Code;
- (h) recommend procedures to ensure that the Board and its committees function independently of management;

- (i) at least annually, prepare a report evaluating director independence standards established by the Board, assessing the independence of each director in accordance with these standards, and evaluating the ability of the Board and its committees to act independently from management in fulfilling their duties; and
- (j) conduct a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring effective communication and the provision of information to directors in a timely manner.

6. Independent Advisors

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

7. Continuing Education

Members of the Committee shall strive to remain current in their knowledge and education relating to corporate governance matters, and shall consider available opportunities to enhance their knowledge of evolving practices in governance.

8. No Rights Created

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

9. Charter Review

The Committee shall review this Charter annually and present any recommended amendments to this Charter to the Board for approval.

Adopted: November 10, 2015

Revised: October 17, 2017