

2017

INFORMATION CIRCULAR

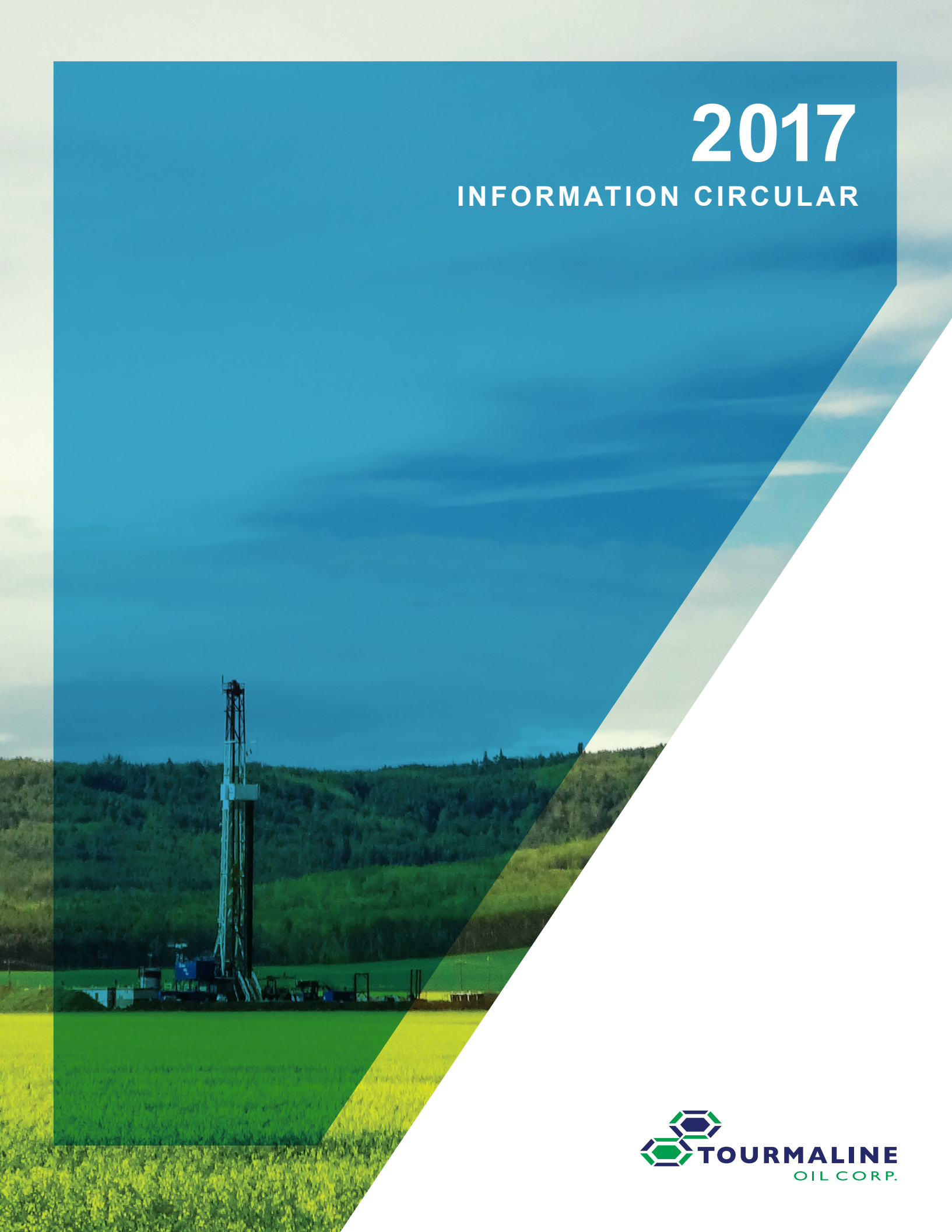


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NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS

The Annual and Special Meeting (the "**Meeting**") of the shareholders of Tourmaline Oil Corp. ("**Tourmaline**" or the "**Company**") will be held in the Ballroom at the Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta on the 7th day of June, 2017 at 3:00 p.m. (Calgary time) to:

1. receive and consider the financial statements of the Company for the year ended December 31, 2016 and the auditors' report thereon;
2. fix the number of directors to be elected at the Meeting at eleven (11);
3. elect eleven (11) directors of the Company;
4. appoint auditors and to authorize the directors to fix their remuneration as such;
5. adopt new by-laws of the Corporation;
6. consider and if thought advisable, pass an ordinary resolution of shareholders approving the unallocated options under the Company's share option plan; and
7. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular – Proxy Statement, which accompanies and forms part of this Notice.

Shareholders of the Company who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, facsimile: 416-368-2502 or toll free in Canada 1-866-781-3111, email: proxy@canstockta.com or on the internet: www.cstvotemyproxy.com. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the holding of the Meeting or any adjournment thereof.

Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.

The Board of Directors of the Company has fixed the record date for the Meeting at the close of business on April 24, 2017 (the "**Record Date**"). Shareholders of the Company of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta, this 24th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

Signed "*Michael L. Rose*"

Michael L. Rose

President and Chief Executive Officer

INFORMATION CIRCULAR – PROXY STATEMENT

for the Annual and Special Meeting

to be held on June 7, 2017

Dated: April 24, 2017

SOLICITATION OF PROXIES

This Information Circular – Proxy Statement is furnished in connection with the solicitation of proxies by the management of Tourmaline Oil Corp. ("**Tourmaline**" or the "**Company**") for use at the Annual and Special Meeting of the shareholders of the Company (the "**Meeting**") to be held on the 7th day of June, 2017 at 3:00 p.m. (Calgary time) in the Ballroom at the Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting. Instruments of Proxy must be received by the Secretary of the Company, c/o CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, facsimile: 416-368-2502 or toll free in Canada 1-866-781-3111, email: proxy@canstockta.com or on the internet: www.cstvotemyproxy.com. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the holding of the Meeting or any adjournment thereof in accordance with the instructions on the Instrument of Proxy. The Board of Directors of the Company (the "**Board**") has fixed the record date for the Meeting at the close of business on April 24, 2017 (the "**Record Date**"). Shareholders of the Company of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Unless otherwise stated, the information contained in this Information Circular – Proxy Statement is given as at April 24, 2017.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed Instrument of Proxy are directors and/or officers of the Company. Each shareholder has the right to appoint a proxyholder other than the persons designated, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

Notice-and-Access

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators (CSA)*, Tourmaline has elected to use the "notice-and-access" rules available to reporting issuers to send materials to its non-registered Shareholders. Notice-and-access is more environmentally friendly as it helps reduce paper use and it also decreases the cost of printing and mailing materials.

Non-registered Shareholders are mailed a notice (the "**Notice**") along with a voting instruction form. The Notice contains basic information about the Meeting and the matters to be voted on and instructions on how to access and review an electronic copy of Tourmaline's Information Circular or how to request a paper copy. If you would like to receive a paper copy of this Information Circular, please follow the instructions in the Notice. Those non-registered Shareholders who have provided standing instructions to receive paper copies will be mailed a paper copy of the materials again this year. Materials will be forwarded indirectly to all Objecting Beneficial Shareholders and directly to the Non Objecting beneficial Shareholders at the Company's expense.

Registered Shareholders will be mailed paper copies of the proxy-related materials, including an instrument of proxy. The Information Circular is available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com and on www.meetingdocuments.com/cst/tou.

In order to allow for non-registered shareholders a reasonable time to receive paper copies of the information circular and related material by mail and to vote their Common Shares, it is recommended that requests for meeting materials should be received on or before May 19, 2017. However, requests for Meeting material may be made up to one year from the date the Information Circular was filed.

A non-registered shareholder may also obtain additional information about the Notice-and-Access provisions by calling toll free at 1-888-433-6443.

REGISTERED HOLDERS OF SHARES

You are a registered shareholder if your Tourmaline shares are held in your name or if you have a share certificate for Tourmaline shares. As a registered holder, you can vote in the following ways:

Phone	1-888-489-5760 (toll-free in North America) and enter the 13-digit control number printed on the form of proxy
Fax	416-368-2502 or 1-866-781-3111 (toll-free in North America)
Mail	CST Trust Company Attention: Proxy Department P.O. Box 721 Agincourt, Ontario M1S 0A1
Email	proxy@canstockta.com
Internet	Go to www.cstvotemyproxy.com Enter the 13-digit control number printed on the form and follow the instructions on screen
Questions?	Call Kingsdale Advisors at 1-855-682-8085 (toll-free within North America) or 416-867-2272 (collect call outside North America) or by e-mail at contactus@kingsdaleadvisors.com

CST Trust Company must receive your form of proxy or voting instructions by 3:00 p.m. on June 5, 2017. If the meeting is postponed or adjourned, CST must receive the form of proxy or voting instructions at least 48 hours (not including Saturdays, Sundays and statutory holidays) before any adjourned or postponed Meeting. The time limit for the deposit of proxies can be waived or extended by the chair of the Meeting at his discretion without notice.

BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of shares of the Company who do not hold their shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the

Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Company does not know for whose benefit the shares registered in the name of CDS & Co. are held.

This Circular with related materials is being sent directly to you by Tourmaline, or its agent, CST. Your name, address and information about your shares have been obtained according to applicable securities regulatory requirements from the intermediary that holds your Common Shares on your behalf.

By choosing to send these materials to you directly, Tourmaline (and not the intermediary) has assumed responsibility for: (i) delivering these materials to you; and (ii) completing your proper voting instructions.

Please return your voting instructions as specified in the request for voting instruction form enclosed with the mailing to you as a Non-Objecting Beneficial Owner ("**NOBO**").

Please note that, in order for your vote to be recorded, your voting instructions, including your proxy holder appointment, must be received by CST or the Corporate Secretary at least 48 hours, exclusive of Saturdays, Sundays and holidays, before the Meeting. If the Meeting is adjourned or postponed, your voting instructions, including your proxy holder appointment, must be received by CST or the Corporate Secretary at least 48 hours, exclusive of Saturdays, Sundays and holidays, before the adjourned or postponed Meeting is reconvened.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered shareholder should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing, deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Company. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual and Special Meeting and this Information Circular – Proxy Statement will be borne by the Company. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone, email, facsimile or other means of communication and by directors, officers and employees of the Company, who will not be specifically remunerated therefor. Tourmaline has engaged Kingsdale Advisors ("Kingsdale") as its strategic advisor and proxy solicitation agent, and will pay fees of approximately \$42,350 to Kingsdale for the advisory and proxy solicitation services in addition to certain out-of-pocket expenses. Tourmaline may also reimburse brokers and other persons holding shares in their name or in the name of their nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies. Kingsdale can be reached by telephone, toll-free in North America at 1-855-682-8085 or at 416-867-2272 outside of North America (collect call) or by e-mail at contactus@kingsdaleadvisors.com.

EXERCISE OF DISCRETION BY PROXY

The shares represented by proxy in favour of management nominees shall be voted on any matter at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any matter in accordance with the specification so made.

In the absence of such specification, the shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Company are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Annual and Special Meeting. At the time of printing this Information Circular – Proxy Statement, management of the Company knows of no such amendment, variation or other matter.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

At the Meeting, shareholders will be asked to fix the number of directors to be elected at the Meeting at eleven (11) and to elect eleven (11) directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently eleven (11) directors of the Company, each of whom retires from office at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at eleven (11) members and in favour of the election as directors of each of the eleven (11) nominees hereinafter set forth:

Michael L. Rose	John W. Elick
Brian G. Robinson	Phillip A. Lamoreaux
Jill T. Angevine	Andrew B. MacDonald
William D. Armstrong	Lucy M. Miller
Lee A. Baker	Ronald C. Wigham
Robert W. Blakely	

As described below under "*Majority Voting for Directors*", the election of each individual director of the Company will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the Meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the election of each of the persons specified above. Management does not contemplate that any of the nominees will be unable to serve as a director, but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

Majority Voting for Directors

The Board has adopted a majority voting policy stipulating that if any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "majority withhold vote") then promptly following a majority withhold vote such nominee shall tender his or her resignation for consideration by the Board to the Chairman of the Corporate Governance and Nominating Committee. This resignation will be effective upon acceptance by the Board. Also, if the Chairman of the Corporate Governance and Nominating Committee received a majority withhold vote, then he or she shall tender his or her resignation to the Chairman of Tourmaline.

This policy applies only to uncontested elections. An "uncontested election" means any election of directors where the election does not involve the circulation of proxy material required by applicable securities legislation in support of one or more nominees who are not part of the slate supported by the Board.

The Corporate Governance and Nominating Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Corporate Governance and Nominating Committee will consider all factors it deems relevant including, without limitation: the reasons, if known, why shareholders "withheld" or were requested to "withhold" votes from the director. In particular, the Corporate Governance and Nominating Committee will consider if shareholders "withheld" or were requested to "withhold" votes from the director for reasons other than the qualifications or individual actions of the director; the director's length of service and qualifications; the director's share ownership; the director's contributions to Tourmaline; the current mix of skills and attributes of the directors on the Board; the impact with respect to covenants in agreements or plans, if any; and legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The Board will consider the Corporate Governance and Nominating Committee's recommendation not later than 90 days following the date of the shareholders' meeting at which the election occurred. In deciding whether to accept or reject the tendered resignation, the Board will consider the factors considered by the Corporate Governance and Nominating Committee and any additional information and factors the Board believes to be relevant. Generally, it is expected that the Board will accept a resignation absent exceptional circumstances.

Promptly following the Board's decision, Tourmaline will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release and provide a copy of the press release to the Toronto Stock Exchange. If the Board decides to accept the director's resignation, the Corporate Governance and Nominating Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

Any director who tenders his or her resignation pursuant to the majority voting policy will not participate in the Corporate Governance and Nominating Committee recommendation or the Board consideration whether to accept or reject the tendered resignation. If a majority of the members of the Corporate Governance and Nominating Committee received a majority withhold vote at the same election, then the directors who did not receive a majority withhold vote will appoint a Board committee among themselves solely for the purpose of considering the tendered resignations and such special committee will recommend to the Board whether to accept or reject them within the 90 day period. If a sufficient number of directors have received a majority withhold vote and have tendered a resignation in accordance with the majority voting policy, such that the Board would no longer have a quorum if all resignations were accepted, then such directors who have tendered a resignation in accordance with the majority voting policy shall not vote in any meeting of the Board at which his or her resignation is considered. However, in that case, each such director present at a meeting of the Board may be counted for the purpose of determining whether the Board has quorum at the particular meeting. Except as set forth in this paragraph, a director who tenders his or her resignation pursuant to the majority voting policy will continue to participate in all meetings of the Board and any applicable committees of the Board on which such director serves until such time, if applicable, as the Board decides to accept the director's tendered resignation.

In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with the majority voting policy, he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of Tourmaline.

The Board and the Corporate Governance and Nominating Committee may adopt such procedures as it sees fit to assist in its determinations under the majority voting policy.

Information Regarding Proposed Directors

The names, provinces or states and countries of residence of the persons nominated for election as directors, the number of voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly, the period served as director and the principal occupation, business or employment of each as well as age are set forth below. The information as to shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Company by the nominees as of April 24, 2017.

MICHAEL L. ROSE	
<i>Alberta, Canada</i> <i>Chairman, President and Chief Executive Officer</i> <i>Director since August 6, 2008</i> <i>Age: 59</i>	Mr. Rose has been the Chairman, President and Chief Executive Officer of Tourmaline since he founded the Company in August 2008. Prior thereto, he was Chairman, President and Chief Executive Officer of Duvernay Oil Corp. ("Duvernay"), a publicly traded oil and gas company (2004-2008). Mr. Rose has more than 37 years of experience in the oil and gas industry and held various exploration and production positions including managing exploration and petroleum engineering research for a large E&P company before founding Berkley Petroleum Corp. ("Berkley") in 1993. After the sale of Berkley in 2001, Mr. Rose founded Duvernay, which was sold in August 2008. Mr. Rose was educated at Queen's University, graduating with an honours degree in Geology. Mr. Rose is a member of the Association of Professional Engineers and Geoscientists of Alberta and the Canadian Society of Petroleum Geologists. Among other awards, Mr. Rose is the recipient of the Stanley Slipper Gold Medal from the Canadian Society of Petroleum Geologists(2009).
Common Share Ownership 13,085,357	Complies with share ownership requirements? Yes

BRIAN G. ROBINSON	
<i>Alberta, Canada</i> <i>Director and Vice President, Finance and Chief Financial Officer since October 27, 2008</i> <i>Age: 60</i>	Mr. Robinson is a director and the Vice President, Finance and Chief Financial Officer of Tourmaline. Prior thereto, Mr. Robinson was Vice President, Finance and Chief Financial Officer of Duvernay and prior to that was Vice President, Finance and Chief Financial Officer of Berkley. Previously, Mr. Robinson held numerous positions in finance and accounting with intermediate and senior oil and gas companies commencing his career with a large public accounting firm. Mr. Robinson has more than 37 years of experience in the oil and gas industry in the disciplines of finance, financial reporting, budgeting, accounting, management, treasury, tax, and business development. Mr. Robinson holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Accountant.
Common Share Ownership 1,273,363	Complies with share ownership requirements? Yes

JILL T. ANGEVINE*Alberta, Canada**Director since November 4, 2015**Age: 49*

Independent Director

Ms. Angevine has been a director of Tourmaline since November 4, 2015. Ms. Angevine is a Vice President and Portfolio Manager at Matco Financial Inc. with over 20 years of investment and research experience. Ms. Angevine also serves on the boards of Chinook Energy Inc. and Advantage Oil and Gas Ltd. Prior to joining Matco Financial, Ms. Angevine was Vice President and Director, Institutional Research at FirstEnergy Capital Corp.

Ms. Angevine graduated from the University of Calgary in 1989, having earned a Bachelor of Commerce. She has earned the Chartered Accountant (CA) and the Chartered Financial Analyst (CFA) designations as well as the Institute of Corporate Directors (ICD.D) designation.

Common Share Ownership
23,000

Complies with share ownership requirements?
Yes

WILLIAM D. ARMSTRONG*Colorado, U.S.A.**Director since October 27, 2008**Age: 57*

Independent Director

Mr. Armstrong is the President and Chief Executive Officer of Armstrong Oil & Gas Inc. ("AOG"), an oil and gas exploration and production company headquartered in Denver, Colorado. Mr. Armstrong founded AOG in 1985, and has grown the business by generating and drilling large impact wildcat exploration opportunities. Over the last 15 years, AOG has been involved in the discovery of over a dozen new fields with recent areas of activity in the North Slope and Cook Inlet Basins of Alaska, the Gulf of Mexico, the San Joaquin Valley, the Williston Basin, the Michigan Basin, and the Wyoming/Utah Overthrust Belt.

Mr. Armstrong graduated Phi Beta Kappa from Southern Methodist University with a degree in Geology in 1982 and is active in numerous business ventures, investments and philanthropies and is on the board of the Southern Methodist University.

Common Share Ownership
400,000

Complies with share ownership requirements?
Yes

LEE A. BAKER*Alberta, Canada**Director since March 22, 2011**Age: 61*

Independent Director

Mr. Baker has been an independent businessman since June 2016. Prior thereto, Mr. Baker was President and Chief Executive Officer of Nordegg Resources Inc., a private oil and gas company which he co-founded in March 2008. Prior to 2008, Mr. Baker was the President and Chief Executive Officer of RSX Energy Inc., a publicly listed oil and gas company. Mr. Baker has over 35 years of experience in the oil and gas industry and held various positions as geologist, district geologist, Vice-President, and President and Chief Operating Officer of a publicly traded oil and gas exploration company.

Mr. Baker was educated at McMaster University, graduating with an Honours degree in Geology. Mr. Baker is a member of the Association of Professional Engineers and Geoscientists of Alberta.

Common Share Ownership
5,700

Complies with share ownership requirements?
Yes

ROBERT W. BLAKELY*Ontario, Canada**Lead Director**Director since October 27, 2008**Age: 69*

Independent Director

Mr. Blakely is the President of Likrilyn Capital Corporation and Eastbourne Investments Ltd.

Mr. Blakely formerly practiced law in Toronto, specializing in litigation and completing his legal career in 1990 as Managing Partner at Raymond and Honsberger. In 1990, Mr. Blakely started an asset management firm focusing on oil and gas and U.S. real estate. The business invested in several private and public ventures and concentrated on Canadian oil and gas entities and oil service companies. The real estate investments have been geographically situated in South and Southwest U.S. Mr. Blakely has served as Chair of the Audit Committee of Tourmaline since inception and is past chair of the Audit Committee of Duvernay. Additional audit committee experiences were on the public boards of Scott's Hospitality Inc., Denninghouse Inc., Laser Quest Corporation and Connor Clark Ltd. and private entities Likrilyn Capital Corporation, Eastbourne Investments Ltd., Perojean Investments Limited and the Caring Foundation. Mr. Blakely is a member of the Advisory Board of Northern Energy Funds and former Northern Plains Funds and current the Chair of the Board of Directors of the Toronto Rehabilitation Institute. Mr. Blakely graduated from Queen's University in 1973 with an LLB and has been a member of the Law Society of Upper Canada since 1975. He is the past Chairman of Queen's University Arts & Science Deans Council.

Common Share Ownership
909,050

Complies with share ownership requirements?
Yes

JOHN W. ELICK*Alberta, Canada**Director since March 19, 2013**Age: 74*

Independent Director

Mr. Elick was the founder and Chief Executive Officer of Cinch Energy Corp., a public oil and natural gas company from November 2001 to November 2009 and the Non-Executive Chairman from November 2009 to July 12, 2011. Prior thereto, Mr. Elick occupied the position of Vice President of Land at Pan East Petroleum Corp. (a public oil and natural gas company that he co-founded) from July 1993 to November 1998. Prior to that he spent 23 years at Amoco Canada Petroleum Company Ltd. ending his time there as Division Landman.

Mr. Elick holds a degree from the College of the Sequoias.

Common Share Ownership
23,808

Complies with share ownership requirements?
Yes

PHILLIP A. LAMOREAUX*California, U.S.A.**Director since September 9, 2010**Age: 75*

Independent Director

Mr. Lamoreaux worked for Dean Witter, and was an analyst and portfolio manager at American Express Investment Management before co-founding Lamoreaux, Glynn and Associates, in 1974. He established Lamoreaux Partners in 1983. Mr. Lamoreaux was the managing general partner and portfolio manager of Lamoreaux Partners, an investment partnership focusing on innovative public and private emerging growth companies with emphasis on information technology, before retiring in December 2015. Mr. Lamoreaux has served as program chairman for the Financial Analysts Federation High Technology Conference and is currently a member of the Chartered Financial Analyst Institute. He has served as President of the Interfaith Housing Foundation and was on the Boards of Hospice of Marin, Northern California Olympic Committee, Marin Theatre Company and Yosemite National Institutes.

Mr. Lamoreaux received a Bachelor of Arts in economics, with minors in engineering and mathematics, from Stanford University, and a Masters of Business Administration from the Harvard Graduate School of Business.

Common Share Ownership
502,739

Complies with share ownership requirements?
Yes

ANDREW B. MACDONALD	
<i>British Columbia, Canada</i> <i>Director since March 22, 2011</i> <i>Age: 57</i> Independent Director	Mr. MacDonald has been an independent businessman since January 2009. Prior thereto, he was the Co-Head of Canadian Equities and Portfolio Manager with Phillips, Hager & North Investment Management, where he was responsible for client investments in the energy sector. He began his career as a well site geologist and has worked in the investment business for over 30 years. He worked for 23 years as an investment/portfolio manager and has extensive experience in financial statement analysis, corporate governance, and compensation. He has served on the boards of various charitable organizations including the John Howard Society of Toronto. Mr. MacDonald graduated with a Bachelor of Arts in Geology from Princeton University.
Common Share Ownership 72,000	Complies with share ownership requirements? Yes

LUCY M. MILLER	
<i>Alberta, Canada</i> <i>Age: 65</i> Independent Director	Dr. Miller, currently an independent businesswoman, retired as the President and CEO of United Way of Calgary and Area in December 2016, a position she held since 2012. Prior thereto, she was the Chief Superintendent of the Calgary Catholic School District. Dr. Miller has served on a number of boards throughout her career, including St. Mary's University (2007 – 2011), the Calgary Homeless Foundation and the Calgary Poverty Reduction Initiative. She is currently a director of Chandos Construction and is also serving on the Advisory Council for the Haskayne School of Business. Throughout her career, Dr. Miller has also developed significant expertise in the area of social responsibility helping organizations have a positive impact in areas of social development, ethical, economic and environmental issues. In 2013, the Women's Executive Network named Dr. Miller as one of Canada's 100 Most Powerful Women and Alberta Venture Magazine named her as one of Alberta's 50 Most Influential People. Dr. Miller received a Doctor of Education degree from the University of Toronto in 2006 and a Master of Education degree from Dalhousie University in 1983.
Common Share Ownership 6,800	Complies with share ownership requirements? Yes

RONALD C. WIGHAM	
<i>Alberta, Canada</i> <i>Director since March 7, 2016</i> <i>Age: 60</i> Independent Director	Mr. Wigham has been an independent businessman since 2014, when he retired as Vice-Chairman of Peters and Company ("Peters"), a boutique Calgary investment dealer specializing in oil and gas and oilfield services equities. Before joining Peters in 1998, Mr. Wigham had been: 1) Vice President, Finance and Corporate Development, at Pan East Petroleum Corp., a natural gas exploration company; 2) Oil and gas analyst, First Marathon Securities; and 3) Commercial litigation partner at Milner Fenerty (now Dentons). From 2012 until its sale in January 2017, Mr. Wigham served as a director of Spur Resources Ltd., a private oil and gas company. He is currently a director of Zargon Oil & Gas Ltd., a publicly traded company on the TSX and of Spur Petroleum Ltd., a private oil and gas company (since January 2017). Mr. Wigham received a Bachelor of Arts in Finance in 1978 from the Honors College, University of Oregon, and an LLB from the University of Victoria in 1981.
Common Share Ownership 411,566	Complies with share ownership requirements? Yes

Board Skills Matrix

Directors	Industry Expertise	Global Experience	Executive Leadership	Accounting/ Finance	Public Company Board/ Corporate Governance	Mergers and Acquisitions/ Investments	Relevant Academic Experience
Michael L. Rose	√	√	√	–	√	√	√
Brian G. Robinson	√	√	√	√	√	√	√
Jill T. Angevine	√	–	√	√	√	√	√
William D. Armstrong	√	√	√	–	√	√	√
Lee A. Baker	√	–	√	–	√	√	√
Robert W. Blakely	√	√	√	√	√	√	√
John W. Elick	√	√	√	–	√	√	√
Phillip A. Lamoreaux	√	√	√	√	√	√	√
Andrew B. MacDonald	√	√	√	√	√	√	√
Lucy M. Miller	–	√	√	–	√	–	√
Ronald C. Wigham	√	√	√	√	√	√	√

Director Committee Composition

All of the directors, with the exception of Mr. Rose, CEO and Mr. Robinson, CFO are independent. Messrs. Rose and Robinson do not sit on any of the Board Committees but may attend Committee meetings by invitation. An *in-camera* session of only independent Directors is held at every Board and Committee meeting. The following summarizes the current committee composition of the Board:

Directors	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Reserves, Safety and Environmental Committee
Jill T. Angevine	√	–	√	–
William D. Armstrong	–	–	–	√
Lee A. Baker	–	–	√	√
Robert W. Blakely	Chair	Chair	√	–
John W. Elick	–	–	–	–
Phillip A. Lamoreaux	√	√	√	√
Andrew B. MacDonald	√	√	Chair	–
Lucy M. Miller	–	–	–	–
Ronald C. Wigham	–	–	–	–
Non-Independent Directors				
Michael L. Rose (Chairman of the Board)	–	–	–	–
Brian G. Robinson	–	–	–	–

Director Meeting Attendance⁽¹⁾⁽²⁾

The following table discloses the attendance of the Board members at Board and Committee meetings in 2016:

Directors	Board of Directors (5 Meetings)	Audit Committee (4 Meetings)	Compensation Committee (1 Meeting)	Corporate Governance and Nominating Committee (1 Meeting)	Reserves, Safety and Environmental Committee (1 Meeting)
Jill T. Angevine ⁽³⁾	5/5	3/3		1/1	
William D. Armstrong	5/5				1/1
Lee A. Baker	5/5			1/1	1/1
Robert W. Blakely	5/5	4/4	1/1	1/1	
John W. Elick	5/5				
Kevin J. Keenan ⁽⁴⁾	5/5				1/1
Phillip A. Lamoreaux	5/5	4/4	1/1	1/1	1/1
Andrew B. MacDonald	5/5	4/4	1/1	1/1	
Ronald C. Wigham	5/5				
Michael L. Rose	5/5				
Brian G. Robinson	5/5				
Overall Attendance Rate	100%	100%	100%	100%	100%

(1) The above does not reflect attendance by Directors at meetings of committees of which they are not members. Directors are encouraged to, and from time to time do, attend various committee meetings even though they were not members of such committees.

(2) Excluded from this list is Ms. Miller, who is proposed to be added as a Director of the Company at the Meeting.

(3) Ms. Angevine was appointed to the Audit Committee subsequent to its first meeting in 2016.

(4) Mr. Keenan will not stand for re-election at the 2017 Meeting.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To Tourmaline's knowledge, other than as disclosed below, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including Tourmaline) that: (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, which resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (c) while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets; or (iii) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Baker, a director of Tourmaline, served as President and Chief Executive Officer of Nordegg Resources Inc. ("Nordegg"), a private company, until June 10, 2016 and Mr. Rose, the President and Chief Executive Officer and a director of Tourmaline, served as a director of Nordegg until June 10, 2016. On June 16, 2016, a secured creditor of

Nordegg was granted an order under the *Bankruptcy and Insolvency Act (Canada)* appointing a receiver to take possession and exercise control over all of Nordegg's current and future assets.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to re-appoint the firm of KPMG LLP, Chartered Accountants, to serve as auditors of the Company until the next Annual Meeting of the shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been the Company's auditor since the formation of the Company.

See "*Audit Committee Information*" for additional information including information regarding the Audit Committee's review of KPMG LLP and its recommendation to the Board that the Board recommend to shareholders the re-appointment of KPMG as Tourmaline's auditor.

Adoption of New By-Laws including Advance Notice Provisions

On April 24, 2017, the Board approved adopting new by-laws of the Corporation in the form "*Schedule D – New By-Laws*" attached to this Information Circular (the "**New By-Laws**"), subject to Shareholder approval. The New By-Laws would incorporate advance notice provisions with respect to director nominations in certain circumstances, increase the quorum required for the transaction of business at meetings of Shareholders, authorize the Board to determine the number of directors and implement certain other changes of a "house-keeping" nature. The adoption of the New By-Laws must be approved by the Shareholders at the Meeting in order to take effect.

Advanced Notice Provisions

The New By-laws contain advance notice provisions, which provide Shareholders, the Board and management with a clear framework for the nomination of directors to ensure that Shareholders will have sufficient time and information to consider proposed director nominees and to ensure for the orderly conduct of business at the Company's shareholder meetings.

The New By-Laws set forth a procedure requiring advance notice to the Company by any Shareholder who intends to nominate a person for election as a director of the Company other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"); or (ii) a Shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the New By-Laws set a deadline by which such Shareholders must notify the Company in writing of an intention to nominate directors prior to any meeting of Shareholders at which directors are to be elected and specify the information that a nominating shareholder must include in the notice in order for director nominees to be eligible for nomination and election at the meeting.

In the case of an annual meeting of Shareholders, notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement.

In the case of a special meeting (which is not also an annual meeting) of Shareholders called for any purpose including the election of directors, notice to the Corporation must be made not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of Shareholders was made.

In the event of an adjournment or postponement of an annual meeting or special meeting of Shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

Quorum Requirements

The New By-Laws would require at least two persons present holding or representing by proxy not less than 25% of the outstanding shares of the Corporation entitled to vote at the meeting for the transaction of business at any meeting of the Shareholders.

Determining the Number of Directors

The New By-Laws would authorize the Board to determine the number of directors by resolution without Shareholder approval where the articles of the Corporation provide for a minimum and maximum number of directors. The foregoing authority remains subject to the requirement under the ABCA that the Board may only appoint additional directors between meetings of Shareholders, if after such appointment, the total number of directors would not be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of Shareholders.

The foregoing is only a summary of the principal provisions of the New By-Laws and is qualified by reference to the full text of the New By-Laws attached as "*Schedule D – New By-Laws*" to this Information Circular. The New By-Laws would also implement certain changes of a "house-keeping" or immaterial nature. Shareholders are urged to review the New By-Laws in their entirety.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution confirming the adoption of the New By-Laws, subject to such amendments, variations or additions as may be approved at the Meeting:

BE IT RESOLVED THAT:

1. the repeal of the current by-laws of the Corporation and the adoption of the new by-laws of the Corporation attached as "*Schedule D – The New By-Laws*" to the information circular of the Corporation dated April 24, 2017 are hereby ratified, confirmed and approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause
3. to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

Unless otherwise directed by the shareholders appointing them as proxyholder, the persons named in the enclosed proxy form intend to vote FOR the special resolution to approve the New By-Laws of the Company.

Approval of Unallocated Options under the Share Option Plan

The Company's share option plan (the "**Share Option Plan**") is described in "*Schedule B – Summary of Share Option Plan*" attached hereto and a complete copy of which is attached in "*Schedule C – Share Option Plan*". The Share Option Plan is an integral component of compensation arrangements for the Company's employees and service providers as described in the section below "*Compensation Discussion and Analysis*". Pursuant to the Share Option Plan, options ("**Options**") to purchase common shares ("**Common Shares**") in the capital of the Company may be granted to directors, officers, employees and long-term service providers of the Company. When Options have been granted, Common Shares reserved for issuance under an outstanding Option are referred to as allocated options. Additional Common Shares that may be issued pursuant to the Share Option Plan, but are not subject to current Option grants are referred to as unallocated Options.

The Share Option Plan is a "rolling plan" whereby the Company is entitled to issue Options in respect of a maximum number of Common Shares equal to 8.5% of the issued and outstanding Common Shares of the Company. A "rolling plan" allows the number of shares covered by Options that have been exercised, to be available for subsequent grants under the Share Option Plan. Pursuant to the rules of the Toronto Stock Exchange ("**TSX**"), every three years, all unallocated options, rights or other entitlements available under the Share Option Plan must be approved by a majority of the

Company's directors and the Company's shareholders. The Share Option Plan was approved by the TSX in connection with the listing of its Common Shares on the TSX in the fall of 2010.

Based on 269,168,945 issued and outstanding Common Shares at April 24, 2017, the number of Options that may be issued under the Share Option Plan is currently limited to 22,879,360 of which Options to purchase 20,493,864 Common Shares are outstanding, leaving unallocated 2,385,496 Common Shares available for future Option grants. The weighted average exercise price of outstanding Options to purchase Common Shares is \$37.13. The average contractual life of the outstanding Options is 2.89 years.

At the Meeting, shareholders will be asked to consider and if deemed advisable, to pass the following ordinary resolution (the "**Share Option Plan Resolution**"), with or without variation, relating to the approval of unallocated Options as described above:

BE IT RESOLVED THAT:

1. all unallocated options, rights or other entitlements available under the Company's share option plan are hereby approved until June 7, 2020; and
2. any one director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver all other documents, and do all such acts and things, as may be necessary or desirable in connection with the foregoing resolutions.

The directors unanimously approved all unallocated Options, rights or other entitlements available under the Share Option Plan on April 24, 2017. The Share Option Plan Resolution must also be approved by an ordinary resolution of the shareholders, being a simple majority of votes cast by the shareholders of the Company who vote in person or by proxy at the Meeting in favour of the Share Option Plan Resolution.

If at the Meeting, the shareholders of the Company do not approve all unallocated Options, rights or other entitlements available under the Share Option Plan, all currently outstanding Options will be unaffected, however the Company will not issue any further Options under the Share Option Plan and any outstanding Options that are thereafter cancelled or expire will not be available for re-grant until such time as shareholder approval is obtained.

If approval is not obtained at the Meeting, the Company will have to consider alternate forms of performance-based compensation, including additional cash bonuses, other share plans or other means in order to attract and retain qualified personnel.

Unless otherwise directed by the shareholders appointing them as proxyholder, the persons named in the enclosed proxy form intend to vote FOR the Share Option Resolution.

INFORMATION CONCERNING THE COMPANY

Voting Shares and Principal Holders Thereof

As at April 24, 2017, there were 269,168,945 Common Shares of the Company issued and outstanding, each such share carrying the right to one vote on any poll or ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if there are not less than two persons present at the Meeting holding or representing by proxy not less than 25% of the shares entitled to be voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at April 24, 2017, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company other than as set out in the following table:

Name	Common Shares Held	Percentage of Issued and Outstanding Common Shares
Capital World Investors	28,230,000	10.49 ⁽¹⁾

(1) Based on information in public filings made by the above entity and as at the date of the last public filing by such entity.

COMPENSATION DISCUSSION AND ANALYSIS

The following describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to the President and Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the three highest compensated executive officers other than the CEO and the CFO (collectively with the CEO and the CFO, the "**Named Executive Officers**" or "**NEOs**") and the directors for the financial year ended December 31, 2016. The NEOs based on 2016 compensation levels are as follows:

Michael L. Rose, Chairman, President and CEO;
 Brian G. Robinson, Vice President, Finance and CFO;
 Al Bush, Vice President, Operations and COO;
 Ron Hill, Vice President, Exploration; and
 Earl McKinnon, Vice President, Drilling and Completion Operations.

General

Based on recommendations made by the Compensation Committee, the Board makes decisions regarding salaries, annual bonuses and equity incentive compensation for the executive officers, and approves corporate goals and objectives relevant to the compensation of the CEO and the other executive officers. The Board solicits input from the CEO and the Compensation Committee regarding the performance of the Company's other executive officers. The Board also administers the Share Option Plan with the assistance of the Compensation Committee.

Compensation Governance

Composition of the Compensation Committee

The Compensation Committee is comprised of Robert W. Blakely (Chair), Phillip A. Lamoreaux and Andrew B. MacDonald, all of whom are "independent" directors for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. The relevant education and experience of each member of the Compensation Committee that enables such member to make decisions on the suitability of the Company's compensation policies and practice is set forth under the heading "*Matters to be Acted Upon at the Meeting – Information Regarding Proposed Directors*" in this document.

Committee Mandate

The Board has adopted a mandate for the Compensation Committee, which provides that it is the Committee's responsibility to formulate and make recommendations to the Board in respect of compensation issues relating to directors, officers and employees of the Company. See item 7(c) of "*Schedule A – Corporate Governance Disclosure*" for a list of the duties of the Compensation Committee.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time. The members of the Compensation Committee are required to be independent, as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the Committee, meetings of the Committee are to take place at least one time per year and at such other times as the Chair of the Committee may determine.

Key Governance Practices

The following table summarizes the key features of the Company's compensation structure, which are important individually, and when taken together, demonstrate the Committee's commitment to strong governance, risk management, shareholder alignment and pay for performance philosophy.

KEY GOVERNANCE PRACTICES	OBJECTIVES		
	Risk Mitigation	Retention	Shareholder Alignment
Compensation Structure Reflects Responsibilities and Compensation Risk of Executive Officers The compensation structure for the executive officers, which provides more at-risk compensation, reflects their responsibilities and overall impact on Company performance.	√	√	√
Dedicated Compensation Committee The Board has created a separate, independent and engaged Compensation Committee with the necessary skills, knowledge and experience to make methodical and sound decisions as they relate to compensation. The Compensation Committee's risk management practices ensure that the Company's compensation plan encourages and rewards the right behaviors.	√		√
Share Ownership Guidelines The executive officers and directors of the Company are required to maintain certain minimum holdings of Common Shares.	√		√
Hedging Prohibited The Disclosure, Confidentiality and Trading Policy provides that directors, officers and employees of the Company are prohibited from participating in transactions that could be perceived as speculative or influenced by positive or negative perceptions of the Corporation's prospects. Such prohibited speculative transactions include the use of puts, calls, collars, spread bets, contracts for difference, engaging in short selling (i.e. selling securities not owned or not fully paid for) and engaging in hedging activities of any kind.	√		√
Policy Compliance Like all employees, on an annual basis, the executive officers sign the Company's Code of Business Conduct and Ethics that guides the behavior that the Company expects of all staff members.	√		
Change of Control Agreements None of the Executives of the Company has a Change of Control contract as it relates to severance payments.	√		√
Overlap of Board Committees Overlap of Board Committee members helps to provide context in terms of compensation risk management; Board members who are not part of the Compensation Committee are invited to provide input when needed as well as attend committee meetings to which they are not members of.	√		
Clawback Provision Compensation paid to Officers of the Company is subject to repayment if financial results, which were the basis for the payment of the compensation, were subsequently restated or where the officer has engaged in misconduct.	√		√

Compensation Consultant or Advisor

At no time in the previous two completed financial years of the Company, has a compensation consultant or advisor been formally retained by the Company to assist the Board or the Committee to determine the compensation of the directors or executive officers of the Company.

Compensation Objectives and Principles

The Board recognizes that the Company's success is dependent on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if the Company has an appropriately structured and executed compensation program. The Company's compensation policies are founded on the principle that executive and employee compensation should be aligned with the Company's objectives as well as with shareholders' interests. The Company's compensation plans are therefore intended to encourage decisions and actions that will result in the Company's growth and in the creation of long-term shareholder value. In determining the compensation to be paid to the NEOs, the Compensation Committee takes into account corporate and individual achievements, comparative market data and other relevant information supplied by management of the Company.

The principal objectives of the Company's executive compensation plans are as follows:

- to align the executives' interests with those of the Company's shareholders and with the execution of the Company's business strategy;
- to reward the demonstration of both leadership and performance;
- to attract and retain qualified executive officers; and
- to have a compensation package that is competitive within the marketplace.

The Compensation Committee's objective is to ensure that the compensation of the NEOs provides a competitive package that reflects both base expectations to attract and retain the appropriate level of individuals, as well as provide a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package is designed to reward performance based on the achievement of goals and objectives and to be competitive with comparable companies in the market with which the Company competes for talent. In order to ensure that the Company's overall compensation package is competitive, the Compensation Committee reviewed the most recent publicly available compensation information from other companies considered to be within the Company's peer group. The Company's peer group consists of similar-sized oil and natural gas companies, based on different factors such as production, reserves and market capitalization. For 2016, the industry peer group used (the "**Peer Group**") consisted of the following companies whose oil and natural gas production ranged between 54,000 – 860,000 barrels of oil equivalent per day ("**boe/d**") (Tourmaline's 2017 average production is forecast to be 240,000-260,000 boe/d):

ARC Resources Ltd.	Encana Corporation
Bichcliff Energy Ltd.	Enerplus Corporation
Bonavista Energy Corporation	Pengrowth Energy Corp.
Canadian Natural Resources Ltd.	Peyto Exploration and Development Corp.
Crescent Point Energy Corp.	Seven Generations Energy Ltd.

Compensation Structure: Simple and Transparent

Tourmaline's compensation model is basic and easy for shareholders to understand when compared to the compensation models of the Peer Group. Given the current market conditions and significant difficulties that oil and gas companies throughout the industry are facing, the Company believes it is especially important to have a compensation model that not only aligns itself directly with shareholder value but is also easy to understand, transparent and requires minimal administration. Generally, the simplicity and transparency of the Company's compensation model is in stark contrast to the compensation plans currently being used by the Peer Group and other intermediate and large oil and gas companies. Examples of other plans used include Restricted Share Unit Plans, Performance Share Unit Plans, Deferred Share Unit Plans, Share Award Plans, Stock Appreciation Rights Plans, Pension plans, etc. Although these types of plans can be beneficial, they are very time consuming to administer and require a significant amount of investment in tracking software, personnel, as well as an excessive amount of executive time. Certain of these types of plans, or a combination of plans, are complex and, if implemented by the Company, would require considerable additional resources to monitor and oversee.

The Company continues to maintain a very low staff count compared to its Peer Group (approximately 200 employees versus an average of 1,284 employees for the Peer Group). This low staff count has proven to be very important in periods of depressed market environments (see “*Staff Count*” section in this document for further discussion). Adopting these types of plans needs to be weighed against the additional complexities that result from a new compensation structure such as a loss of transparency, additional costs of staff and increased resources to administer these plans. In 2017, the Company has implemented a stock matching plan whereby employee contributions of up to 5% of an employee’s base salary are matched by employer contributions on a 2:1 basis. This type of plan is administered by an independent third party and was selected because it requires less administrative time and resources than most other plans contemplated. The plan is transparent and easy to understand for both staff, as well as Shareholders, and does not result in any stock dilution as the Common Shares are purchased on behalf of participants in the open market. Additionally, the plan also promotes increased ownership in the Company’s stock and continues to provide a high degree of alignment with Shareholders’ interest. The Company continues to believe that in this current environment, and under conditions where balance sheet preservation and strength is crucial, it is preferable to keep Company executives focused on executing a sound business plan and to provide a better overall return on shareholder investment.

Components of Compensation

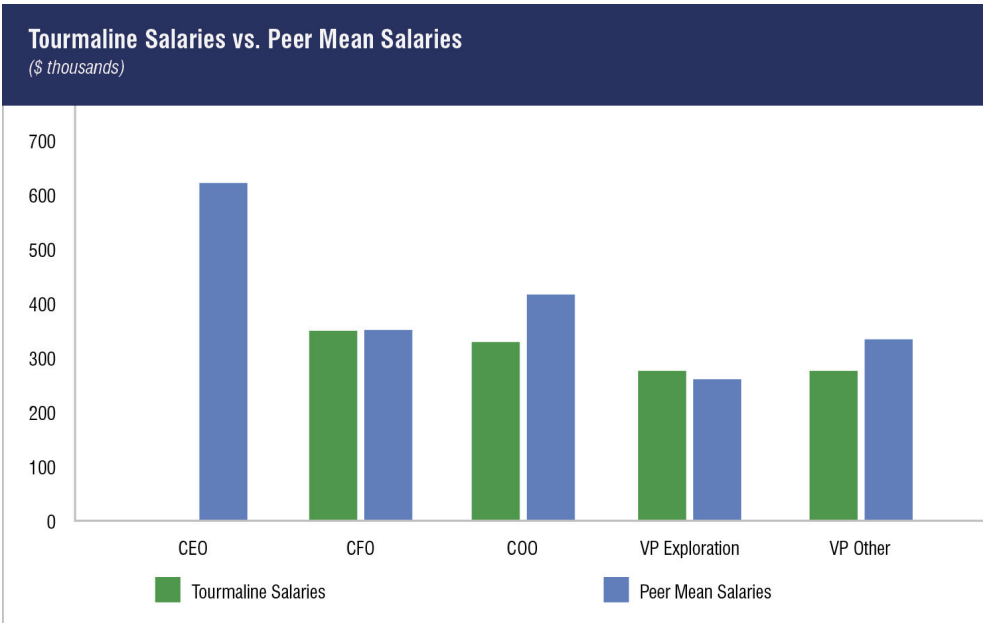
For the year ended December 31, 2016, the compensation package for the NEOs were comprised of both base salary and two forms of at-risk remuneration: 1) annual short-term incentive – cash bonuses and 2) participation in the Company’s long-term equity compensation plan, the Share Option Plan. The aggregate value of these components and related benefits is used as a basis for assessing the overall competitiveness of a NEO’s total compensation package. Salary increases, cash bonuses and option-based compensation for the NEOs are reviewed and approved by the Compensation Committee and ultimately the Board.

Decisions concerning salary levels are made, in most respects, independently from decisions concerning other elements of compensation, because the purpose of the base salary is to provide a fixed level of competitive pay that reflects a NEO’s primary duties and responsibilities. It is the Board’s view that decisions concerning the determination of annual bonuses and long-term incentives also involve different factors and, therefore, most decisions in this regard do not take into account the values of the other compensation components. As part of the compensation determination process, the Board considers the proportion of each component relative to the total compensation amount and may adjust each component as necessary. The Board recognizes that the Company operates in a cyclical industry, and at times, the Company needs to adjust its short and medium-term strategy to deal with rapid changes. The Board may apply judgment to assess the performance of the Company and its executives in their ability to leverage unexpected opportunities or mitigate unexpected risks while continuing to deliver on corporate goals.

Base Salary

The base salary is intended to provide a fixed level of compensation that reflects a NEO’s primary duties and responsibilities. It also provides a foundation upon which incentive opportunities and benefit levels can be established. The Board considers a number of factors in the determination of base salaries for executive officers, including Tourmaline’s long-term interests, financial objectives, and overall Company performance, as well as leadership ability, level of responsibility, individual performance, years of relevant experience and salaries paid by comparable companies in the industry. Salaries of the NEOs and all other executive officers are reviewed annually based upon corporate and personal performance and by taking into account individual levels of responsibility. In the case of the CEO, no salary has ever been paid. To date, the CEO’s remuneration was focused primarily on year-over-year performance and growth; and as such his compensation was limited to short-term incentive compensation (on the same principles as other NEOs) and options to purchase Common Shares (“**Options**”). The CEO is largely exposed to any movement in stock price given his significant holdings in Tourmaline common shares. The Board and Compensation Committee has historically concurred with this approach but as Tourmaline gradually transitions from a growth-oriented company to one with an increased focus on balancing growth and sustainability, the Board and Compensation Committee intend to revisit the CEO’s compensation structure in 2017.

The graph below highlights base salary for the NEOs in comparison to the Peer Group:



At-Risk Components of Compensation

Executive officers have fixed and variable at-risk components of compensation. The program is intentionally designed to be more heavily weighted towards variable elements of compensation, as illustrated in the section below "*Significant Pay at Risk – NEO Pay Mix*". The variable compensation is at-risk either in the current year based on Company performance or at the time of award or any time prior to being exercised, reinforcing accountability for corporate and personal performance.

Annual Short-Term Incentive Compensation – Cash Bonuses

The Company has a discretionary bonus plan under which cash bonuses, if declared, are paid annually. The payment of bonuses is ultimately subject to the final approval of the Board and the Board has the discretion to amend or suspend the bonus plan at any time. All employees and executive officers of the Company are eligible to participate in the bonus plan. The bonus plan is designed to reward on the basis of both Company and individual performance. For the NEOs, excluding the CEO, the cash bonuses paid are determined by considering both the Company's overall performance and each NEO's individual contribution to the Company's performance, as recommended by the CEO and approved by the Compensation Committee. The Company measures corporate performance by considering the following categories:

Financial	Continued balance sheet strength, hedging strategy, cash flow management and efficient allocation of capital.
Strategic	Allocation of capital and resources, mid and long-term opportunities, corporate acquisitions, as well as asset acquisitions and/or dispositions.
Operational	Production growth and maximization, operating efficiencies, cost reductions in all aspects of the business, monitoring and use of technological advancements.
Safety, Asset Integrity and Environmental Performance	Infrequent injury and occurrence of environmental incidences, positive environmental actions taken by the Company during the year.

In assessing corporate performance, the Company also considers the following specific indicators: (a) growth in production and reserves on an absolute and per share basis; (b) cash flow and cash flow per share amounts; (c) total operating costs

and total general and administrative costs, on an absolute and per barrel of oil equivalent basis; (d) annual finding, development and acquisitions costs; and (e) the Company's performance for all of the above indicators when compared to the Peer Group based on the most recent publicly available information. The majority of these targets were included in the 2016 budget presented to and approved by the Board and disseminated to officers and employees. Once the Company's performance targets have been established, approved and communicated, specific and general goals are highlighted for executives, managers and departments as a whole in the Company's internal E&P strategic updates. Bonuses paid to managers and officers (except the CEO) are determined by considering their achievement of the short and medium-term goals as set out at the beginning and throughout the year. In determining the bonus amount for NEO's, the following factors are considered:

- Achievement of individual priorities and accountabilities;
- Leadership and commitment;
- Extraordinary contributions to the Company over the past year;
- Additional value added to the Company's operating and financial results attributable to the individual performance of the NEO; and
- Behaviours that support the Company's corporate culture.

The CEO's cash bonus is determined solely by the Compensation Committee by taking into account numerous factors, including the broad categories as well as performance indicators and factors discussed above. For 2016, on the recommendation of the Compensation Committee, the Board determined that the superior performance of the Company over a period of years in achieving and in many cases exceeding goals set by the Board and management warranted a cash payment to Mr. Rose as recognition of his excellent performance and leadership and his continued focus and dedication. It was noted that Mr. Rose ensured that the Company was diligent at continuing to maintain a strong balance sheet in a difficult, low commodity price environment and his ability to continue to achieve record growth and performance was exemplary. Some of the Company's accomplishments in 2016 under Mr. Rose's leadership include:

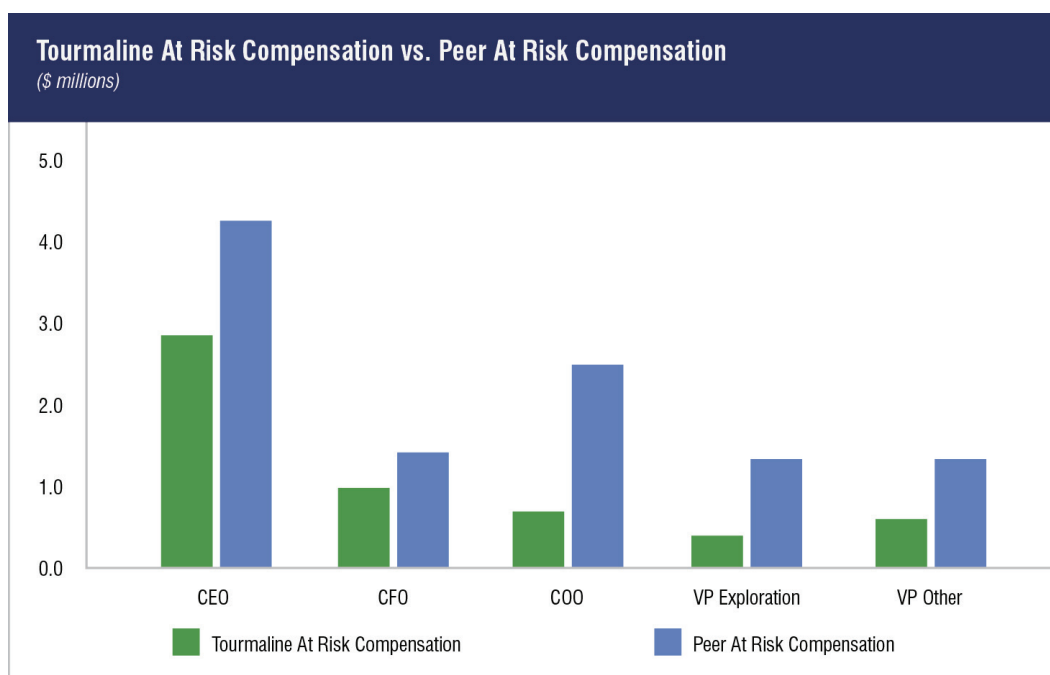
- Record annual average production of 185,672 boe/d (20% growth year over year);
- Annual average production per diluted share increased 10% year over year;
- Proved plus probable reserves ("**2P**") increased to 1,746.8 mmboe during 2016, a 58% increase over 2015 reserves of 1,108.3 mmboe;
- 2P reserves per diluted share increased 34% year over year;
- 2P finding and development ("**F&D**") costs of \$1.49/boe and total proved reserves F&D costs of \$4.08/boe including future development capital, are all the lowest in the Company's eight-year history;
- Continued industry-leading all-in cash costs (operating, transportation, general and administrative and financing) of \$6.80/boe decreased 5% year over year;
- Top decile G&A costs of \$0.44/boe;
- Achieved significant reductions (>15%) in well costs during 2H2016 EP program in all three core areas;
- Drilled nine of the top 10 Alberta natural gas wells in 2016 and 16 of the top 20;
- Completed the largest acquisition in the Company's history, a \$1,367.8 million property acquisition from Shell Canada in two of the Company's core areas, Alberta Deep Basin and Northeast B.C.; and
- Compound annual growth rate over six years of 49% in 2P reserves, 48% in average daily production and 33% in annual cash flow.

(The above noted metrics have been referred to in prior Company public disclosures. Refer to the Company's Annual Information Form or "Non-GAAP Financial Measures" in the most recent Management's Discussion and Analysis, for further details.)

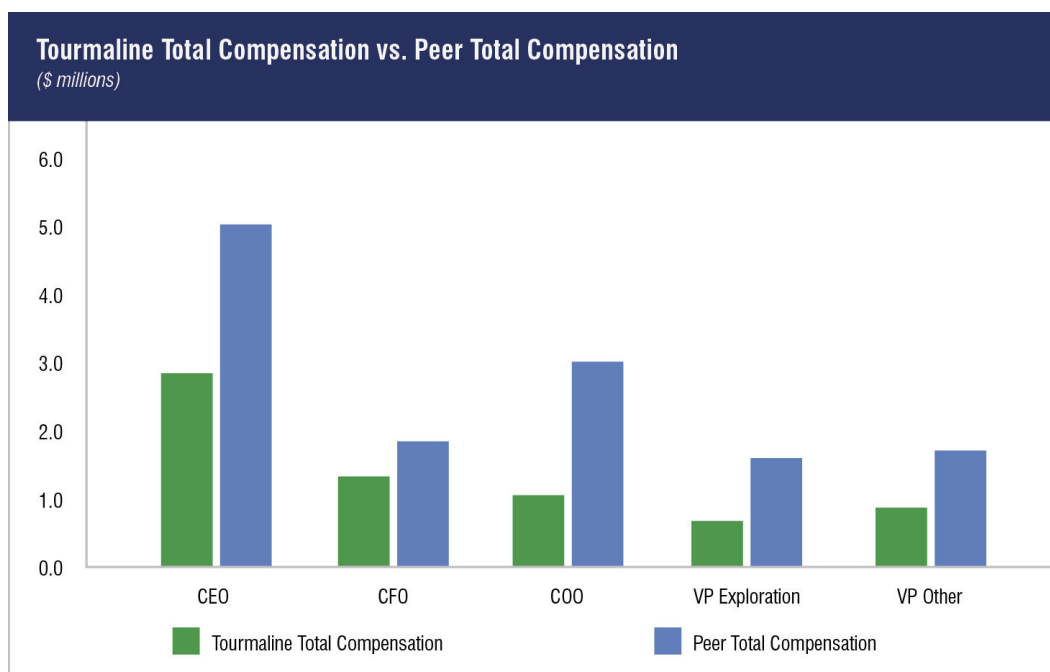
Long-Term Compensation – Share Option Plan

The Company's long-term compensation program is comprised of the Share Option Plan, which is intended to encourage participants to focus on creating and improving the Company's long-term financial success by providing participants an opportunity to increase their ownership interests in the Company as well as to encourage participants to work towards long-term share price appreciation. The purpose of the Share Option Plan is to align the interests of both shareholders and management. The Board believes that long-term incentive compensation plays an essential role in maximizing shareholder value by attracting and retaining senior executives in a competitive global oil and gas market. Officers, managers, and all staff members are awarded Options based upon their relative contribution in achieving the longer-term goals of the department in which they work, as well as their contribution to the overall performance of the Company. Individual contribution to Company performance is as recommended by the CEO and approved by the Compensation Committee. The CEO performance is assessed by the Compensation Committee as well as the Board. It is through the judicious use of the Share Option Plan that the Company is able to attract and maintain high-performing and motivated individuals that allow the organization to operate more efficiently and with a significantly lower staff count compared to its Peer Group. The speed and frequency of operational and strategic change necessary to achieve efficient high growth necessitates that each and every employee understands the larger picture of performance and their role in it, something that universal participation in the Share Option Plan provides. Previous Option grants are taken into account by the Board when granting additional Options. See "*Schedule B – Summary of Share Option Plan*" for additional information regarding the Share Option Plan. See "*Schedule C – Share Option Plan*" for a copy of the Share Option Plan. The Committee recognizes that other companies in the Peer Group offer multiple medium to long-term plans as part of their overall compensation packages. The Company has made changes to the Share Option Plan whereby the maximum term of any new options to be granted under the Share Option Plan has been increased from five (5) to seven (7) years, offering a longer-term incentive to the employees. As the Company determines its grant of options based on a total expected fair value using the Black–Scholes Option Pricing Model, increasing the term of an option granted under the Share Option Plan, with all other assumptions being equal, will result in a reduction to the total number of options to be granted to an individual in order to achieve the same expected fair value. The above change is expected to improve cash flow per share by reducing the dilutive impact of future option grants and essentially reducing the Company's overall burn rate. In conjunction with the increase to the maximum term of new options granted, the Company has also decreased the maximum number of options available for issue under the Share Option Plan from 10% to a maximum limit of 8.5% of outstanding Common Shares further reducing the dilutive impact of the Share Option Plan. Also, in order to increase the longer-term component of the Company's compensation package, a share matching plan was implemented in 2017, which encourages increased employee ownership of the Company's stock without increasing stock dilution, as the shares are purchased in the open market. The resulting changes not only enhance employee retention but they also provide for a compensation package that is more in-line with other peer companies and further promote alignment with longer-term interests between employees and shareholders.

The graph below shows the total at-risk compensation paid to NEOs when compared to the average for the Peer Group:

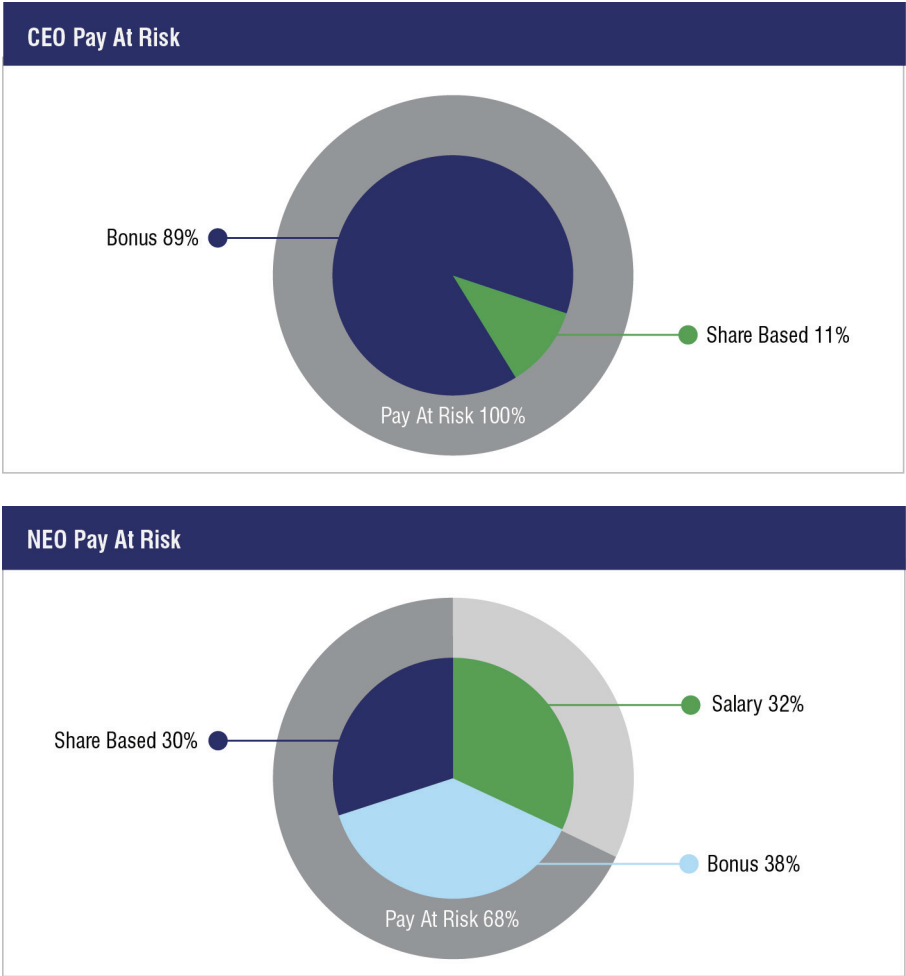


The following graph shows the total compensation paid to NEOs when compared to the average for the Peer Group:



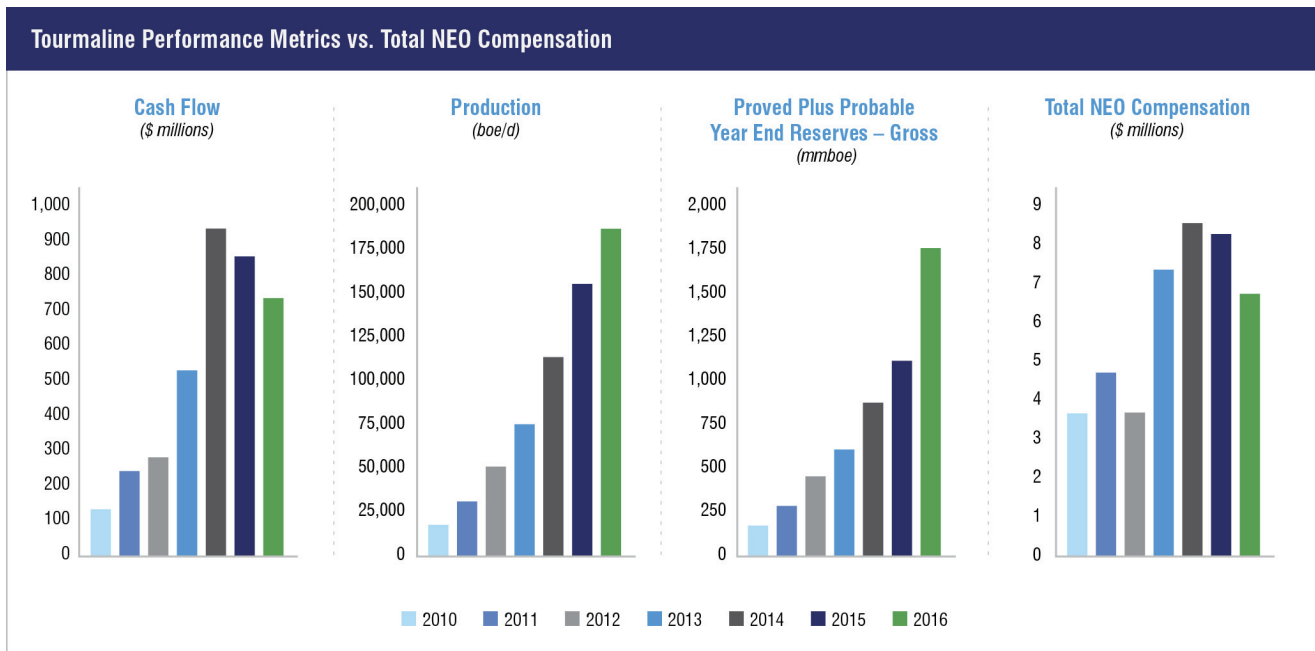
Significant Pay At Risk – NEO Pay Mix

In an effort to align pay levels for NEOs with the Company's performance and the interests of shareholders, the Company places the greatest emphasis on performance-based annual and long-term incentives rather than base salary. 100% of the CEO's total compensation and approximately 70% of other NEOs' compensation is performance-based and is dependent on Company and individual performance:

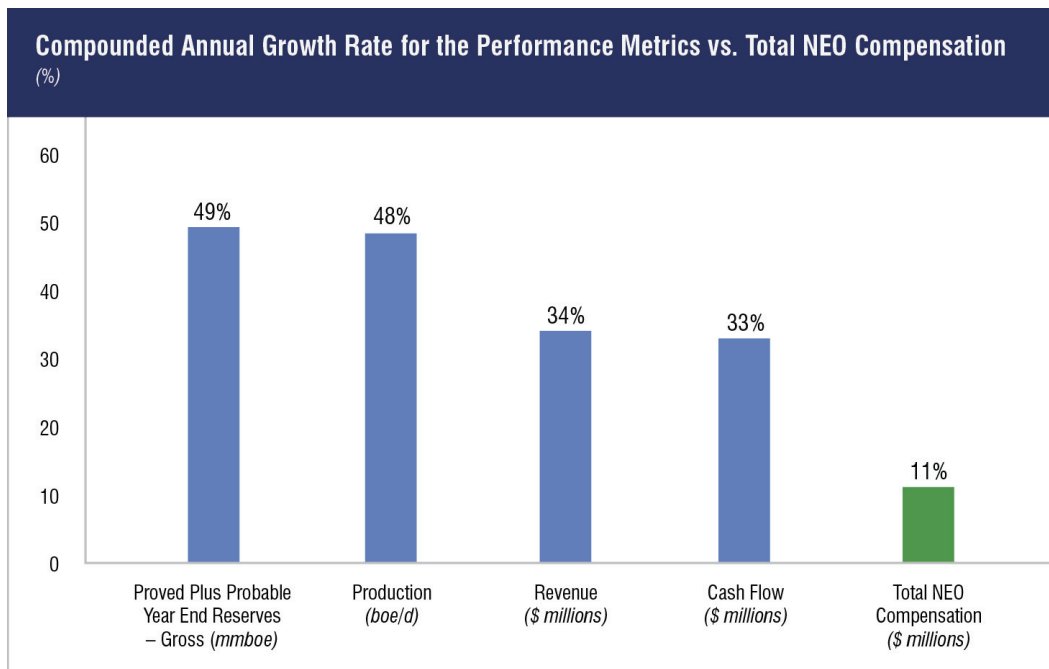


Performance Metrics Compared to NEO Compensation

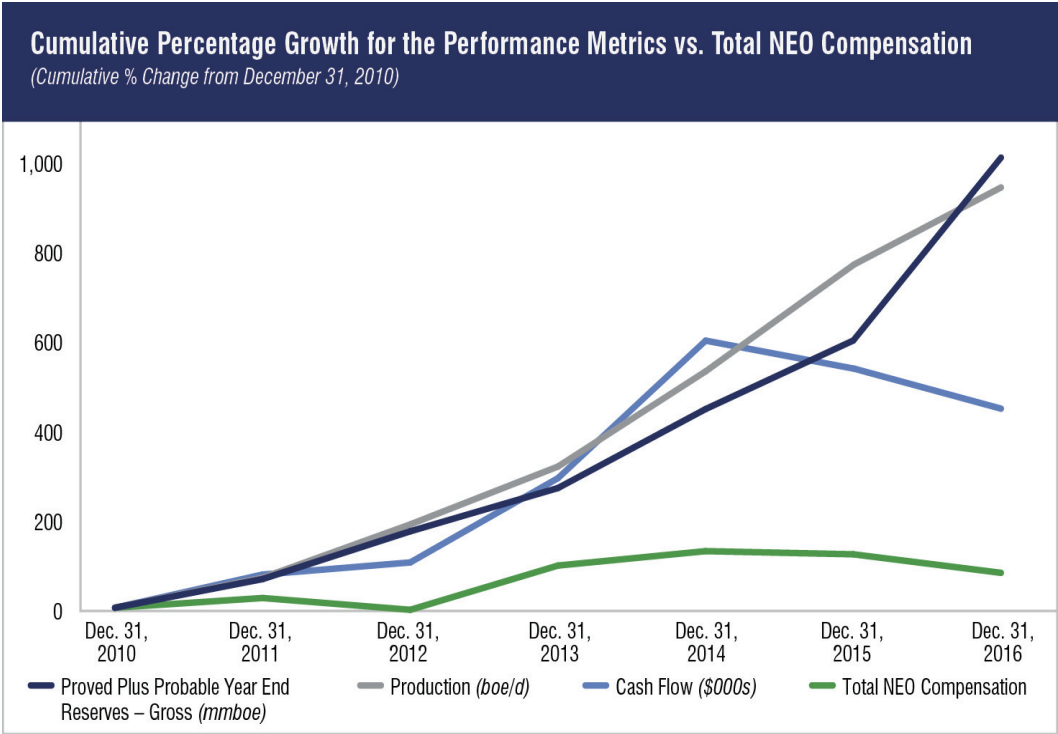
When determining the appropriate amount of short and long-term incentives to pay, the Compensation Committee will consider the Company's performance relative to the goals that were set out during the year as well as the Company's Peer Group performance. The following three graphs detail the Company's performance over the past seven years and the bar graph on the right provides total NEO compensation over the same period. The overall trend in NEO compensation is consistent with the significant annual increases in year-end proved plus probable reserves, average production per day, as well as the trend in cash flows since 2010.



The graph below provides the compounded annual growth rate, a useful measure assuming compounding growth over multiple time periods, for revenue and all three performance metrics discussed above from 2010 to 2016 (growth between 33% and 49%). The compounded annual growth rate for total NEO compensation over the same period was 11%.



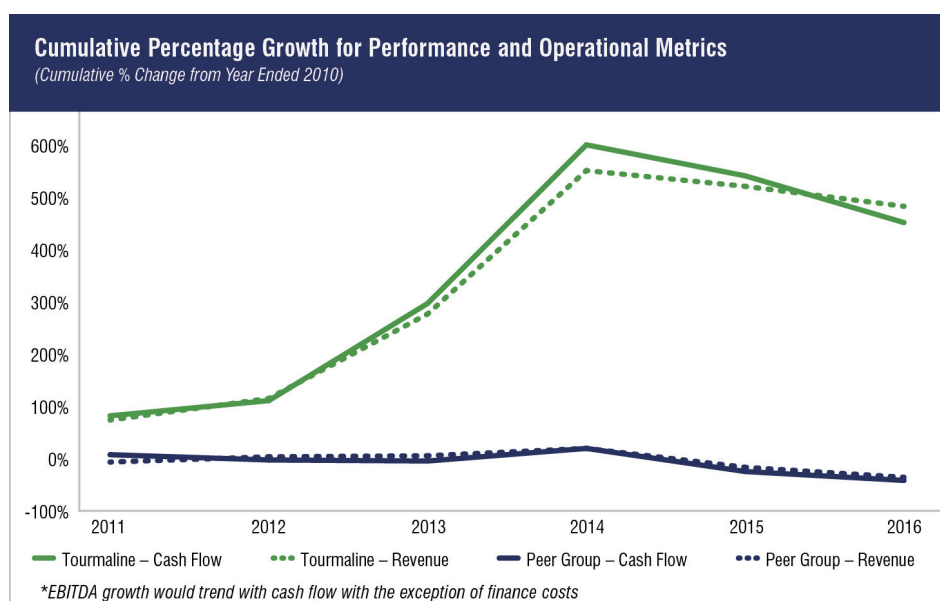
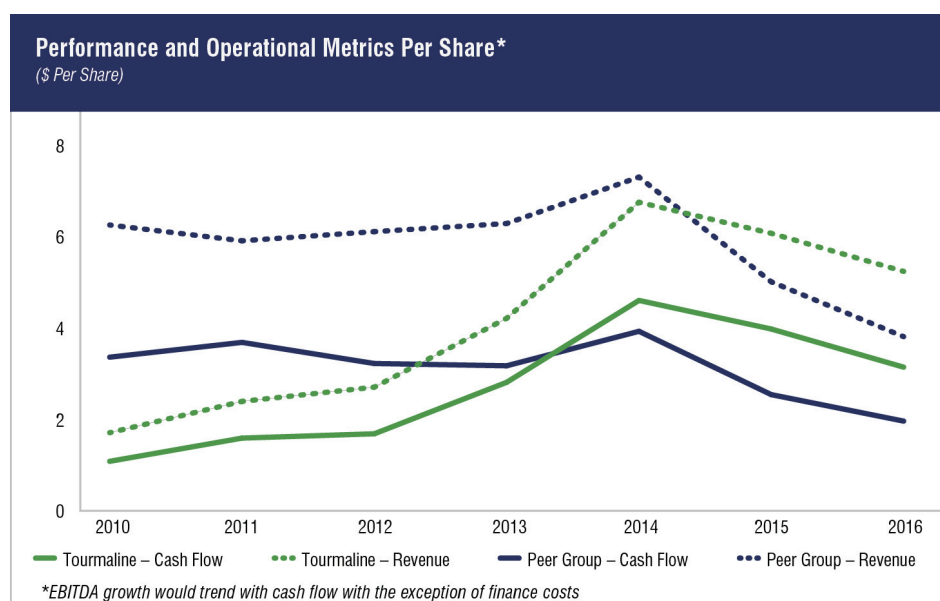
Considering the performance metrics from the previous table and focusing on the total cumulative percentage growth from December 31, 2010 to December 31, 2016, the total cumulative growth for the different categories was: year-end 2P reserves (1,004%); average daily production for the year (940%), annual cash flow (449%). These growth rates are significantly greater than the percentage growth in total NEO compensation of 84%.



Performance and Operational Metrics Compared to the Peer Group

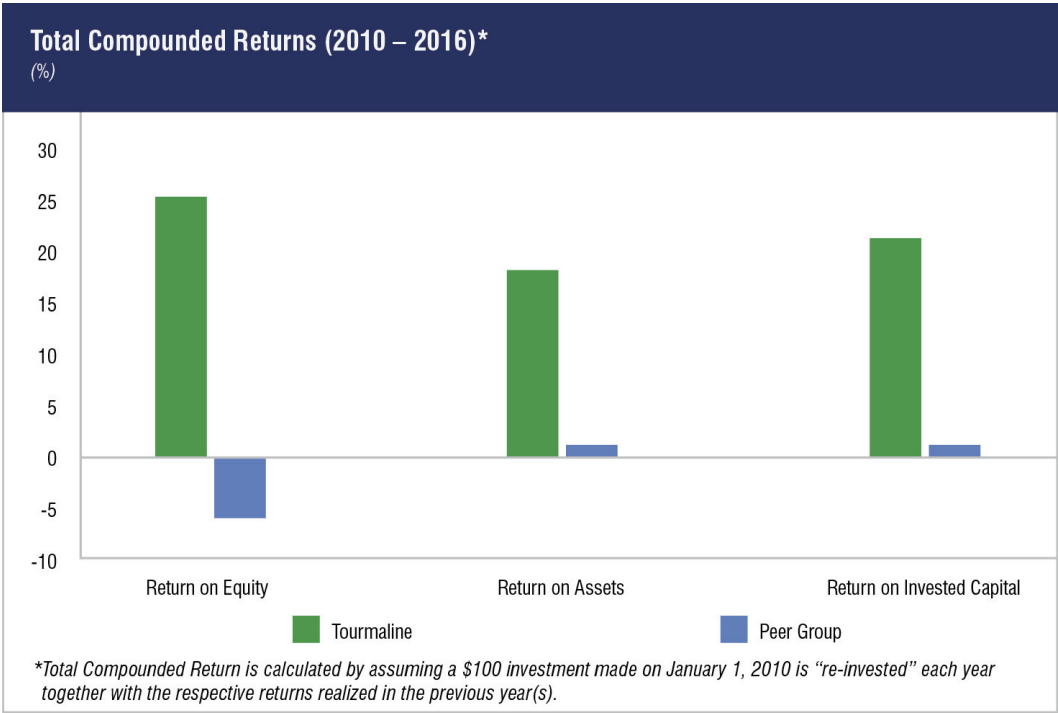
When determining the Company's financial and operational performance, a wide range of metrics are analyzed. Specifically, growth rates, rates of return and other specific metrics are key indicators when measuring the Company's achievements. Furthermore, how the Company's performance compares to that of its peers is a critical piece of information when determining compensation. The following graphs compare the Company's ability to grow its revenue and cash flow to the growth realized by the Peer Group.

As shown in the charts below, despite Tourmaline's relative youth compared to its Peer Group (Tourmaline was founded in 2008 compared to the companies in the Peer Group, which were established between the years 1973 and 2008), the Company has outperformed the Peer Group in revenue and cash flow per share since 2014. When compared to 2010, Tourmaline's revenue and cash flow have grown by 480% and 449%, respectively, as the Company has grown production from less than 18,000 barrels of oil equivalent per day in 2010 to over 185,000 barrels of oil equivalent per day in 2016. This is in stark contrast to the growth rates realized by the Peer Group since 2010 of -36% and -42%, respectively.

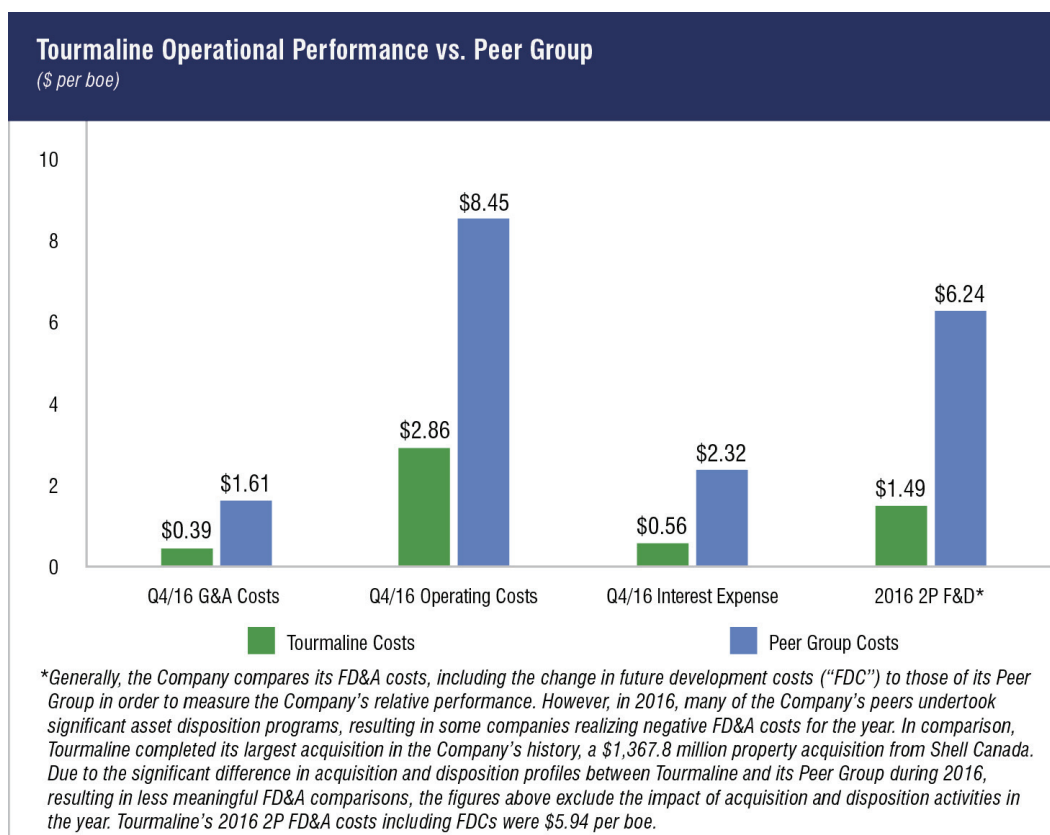


Return on Equity, Assets and Invested Capital

The Company has proven its ability to generate significant returns since 2010 compared to the returns realized by the Peer Group. Specifically, Return on Equity, calculated by dividing net income by shareholders' equity, measures the return a company generates with the money shareholders have invested; Return on Assets, calculated by dividing net income by total assets, measures the return a company generates using the assets under its control; and Return on Invested Capital, calculated by dividing net income by the total of bank debt and shareholders' equity, measures the return a company generates with the total capital under its control. When analyzing total compounded returns over the last 6-year period, Tourmaline continues to outperform the Peer Group. Recently, when the oil and gas industry, as a whole, experienced sharp declines in commodity prices, the average income generated by the Peer Group was reduced as a result of lower revenues and, in many cases, impairment write-downs. Tourmaline has never recognized an impairment to its asset base. Additionally, Tourmaline's full-cycle profitability is evidenced by its ability to outperform the Peer Group during this depressed commodity price environment by diligently focusing on cost control and cost reduction and at the same time continuing to achieve record growth.

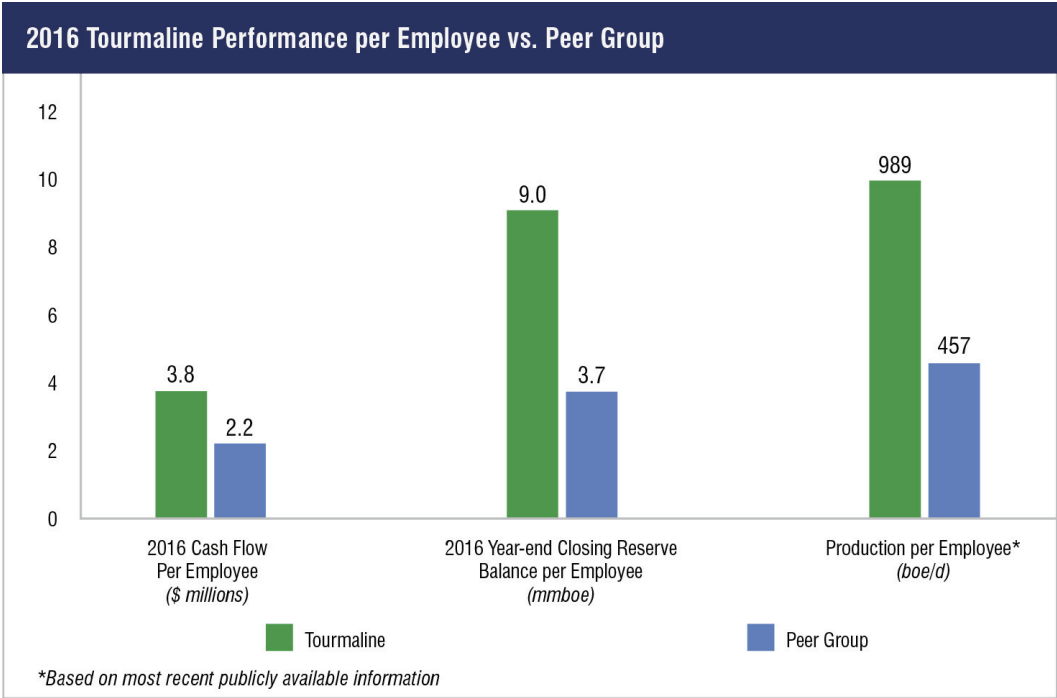


The following graph highlights certain performance metrics considered when comparing Company performance to the Company's Peer Group. The metrics discussed in this section are all impacted by compensation costs: G&A costs, operating costs, and F&D costs (including future development costs).



Staff Count

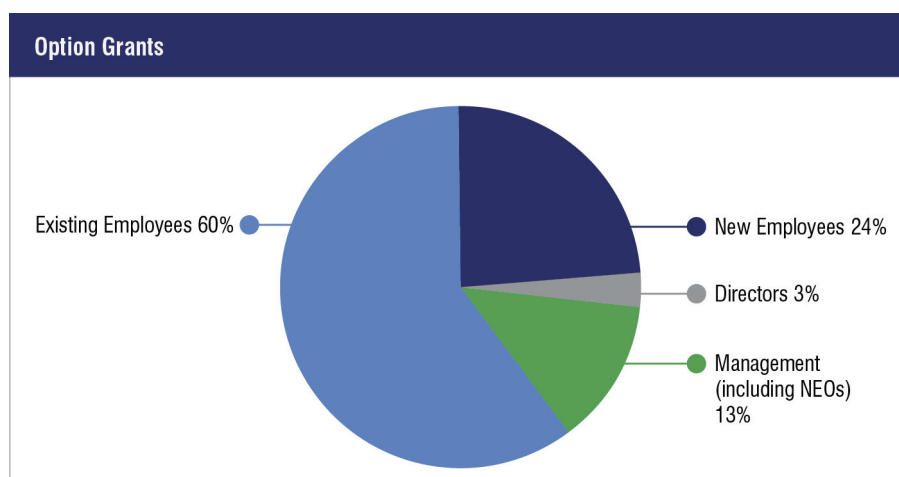
The Company has a much lower staff count than other companies of the same relative size. The Company currently has approximately 200 employees (including field staff) compared to the Peer Group with an average of 1,284 employees. The graph below depicts cash flow, year-end closing 2P reserves and average production per day on a per-employee basis for 2016. The lower staff count results in substantially more value created on a per-employee basis when compared to the peer average. The Company believes in motivating and empowering each employee to achieve their most efficient and effective performance. In return, the Company believes in rewarding employees, as well as management (including NEOs) with a long-term incentive plan, which is directly tied to overall Company performance. The lower staff count requires the Company to have only one key focus: the maintenance and execution of its core E&P business. Adding staff, office space and using executive time to devise, assess and maintain plans beyond this focus, which may or may not assist in the actual execution of the core business, can result in less efficient and more expensive G&A costs. In an environment where cost control and efficiency continue to be essential, the Company believes its staffing levels are appropriate.



Option Grants

In 2016, 3,413,000 Options were issued and allocated to the following categories:

New Employees	820,000	24%
Existing Employees	2,063,000	60%
Management (including NEOs)	440,000	13%
Directors	90,000	3%
	3,413,000	100%



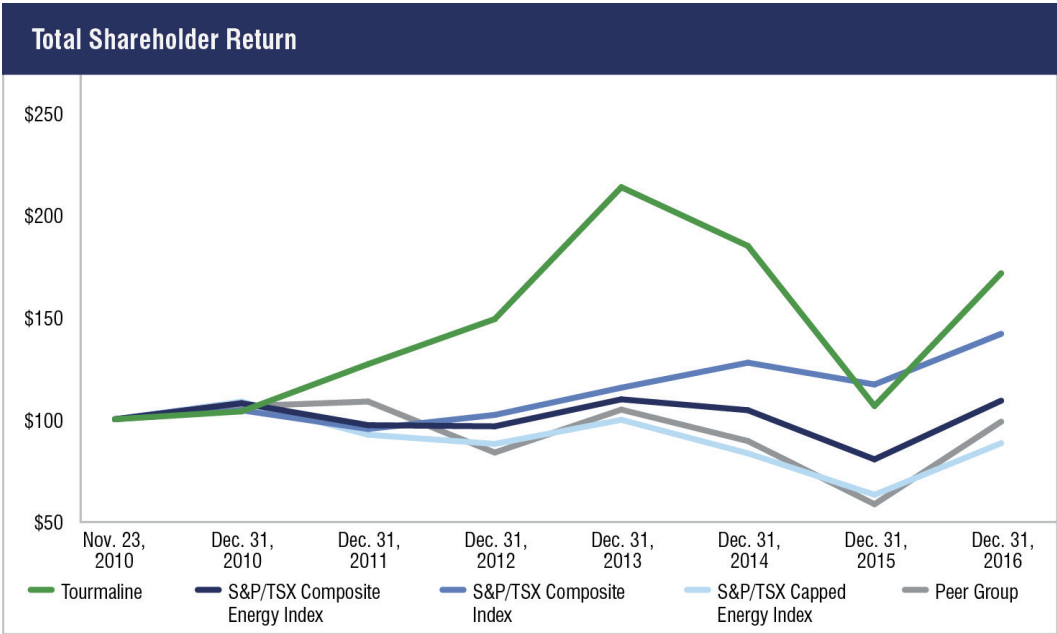
As the Company continues to reduce the dilutive impact of its Share Option Plan, 1.3 million fewer Options were granted in 2016 compared to 2015. This reflects a 27% decrease in options issued, despite a 5% increase in staffing levels (which is significantly lower than the Company's 20% year-over-year production growth). Of the total Options granted, 24% were granted to new employees. As the Company continues to grow, the number of Options granted to new employees may continue to be sizeable when compared to total Options granted. The initial award to a new employee is typically larger than subsequent grants to compensate for the absence of other types of compensation plans when compared to the Peer Group. Existing employees were granted 60% of the Options issued while management and NEOs were granted 13%. Directors were allocated a total of 3% of the Options issued. Grants for non-executive directors have been limited to a value of \$100,000 per director per year (see "*Director Compensation*" for further discussion).

Summary

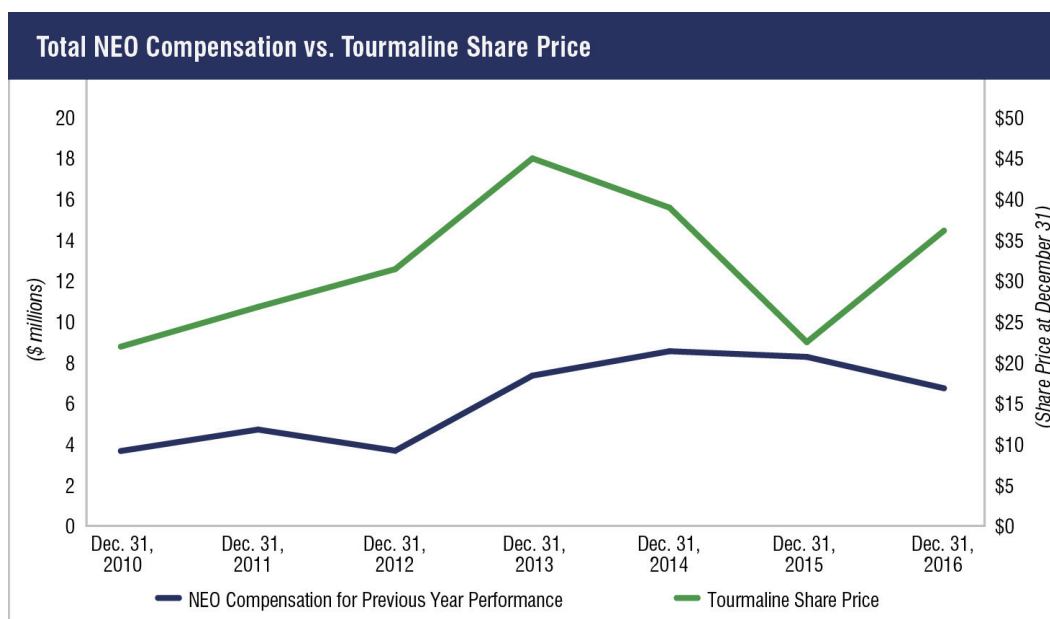
The Company's compensation policies have allowed the Company to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing long-term shareholder value. The Committee and the Board will continue to review and possibly amend compensation policies to ensure that they are competitive within the oil and gas industry and consistent with the overall performance of the Company. In an effort to continue to reduce the Company's burn rate as it relates to Options, the Company did issue significantly fewer options to employees and NEOs in 2016 and as such the lower attributed compensation was taken into account when determining cash bonuses to be paid. Based on the information available at the time compensation was determined, the total compensation for the Company's executive officers for 2016 remained in the low to mid-range when compared to the Company's Peer Group. The Options continue to be the Company's preferred choice for longer-term compensation and continue to provide for a strong correlation between the compensation ultimately earned by an individual executive and Common Share performance.

PERFORMANCE GRAPH

The following graph compares the change in the cumulative total shareholder return since November 23, 2010 (the date the Common Shares commenced trading on the Toronto Stock Exchange (the "TSX")), of a \$100 investment in the Common Shares, with the cumulative total return of the S&P/TSX Composite Energy Index, the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index for the comparable period.



Since completion of its initial public offering on November 23, 2010, the Company has outperformed all three S&P/TSX Indexes shown above as well as its Peer Group. The sharp decline in the Company's share price from December 31, 2013 to December 31, 2015 is consistent with the drop in both the S&P/TSX Capped Energy Index, the S&P/TSX Composite Energy Index, as well as the overall decline in oil and natural gas prices, and the oil and gas industry as a whole throughout the period, including a more drastic decline in the second half of 2015. The Company's share price, the three S&P/TSX Indexes depicted above as well as the share prices of the Company's Peer Group all experienced a strengthening throughout 2016, with Tourmaline's share price increasing at a faster rate than all three indices. Total return on the Company's common shares from November 23, 2010 to December 31, 2016 was 71%, compared to -1% for the Peer Group's common shares and an average of -1.3% on the energy indices (13.0%, if the S&P/TSX Composite Index is included).



The above graph highlights the Company's share price performance against the total NEO compensation for each of the seven years ended December 31 since completion of the Company's initial public offering in November 2010. The trend in total NEO compensation aligns generally with the share price whereby when the share price trends higher, total NEO compensation is also higher. Total NEO compensation in the early years reflects below-market compensation, consistent with a junior start-up company, and subsequently increased as the Company grew towards its current status as a senior producer. This fundamental change in Company size resulted in an 84% increase in total NEO compensation since December 31, 2010. This is higher than the 65% increase in share price over the same period. The Share Option Plan's ability to ensure alignment between NEOs and shareholders is evident in the stock option grants made to our NEOs since June 2012 (and included as compensation in the relevant years), where several of the grant prices are higher than the December 31, 2016 common share price and thus the Options have no realizable value at December 31, 2016. This is explicitly shown in the "Outstanding Option-Based Awards" table in this circular. By comparing the above graph to the "Outstanding Option-Based Awards" table, it is apparent that there is a disconnect between the value attributed to an actual grant at the date of grant and the actual value that will be realized from that grant when and if the options are actually exercised. The Company believes that the Share Option Plan allows for the NEOs and all other staff to align their interest with those of the shareholders of the Company. The ownership guidelines for both executives and directors also help ensure that all interests are properly aligned.

Executive Share Ownership Guidelines

The Board encourages share ownership for executive officers and has developed guidelines to align the long-term financial interests of the executive team with those of shareholders. Guidelines for executive officers of the Company are that they must hold three times their annual salary in equivalent shares except in the case of the CEO who must hold five times his total annual compensation in equivalent shares. Vested and unexercised options are not included in the calculation; only Common Share ownership. Any new executive officers will have up to five years to accumulate the required ownership and they must show an increase in holdings every year until the requirement is met. In the event a participant is promoted and his or her target is increased, a further two-year period is provided to meet the new share ownership target. Incorporating the provisions noted above, all the executive officers conform to the guidelines.

Risks Associated with the Company's Policies and Practices

The Compensation Committee and the Board has considered the implications of the risks associated with the Company's compensation policies and practices and has determined that there are no significant areas of risk given the nature of the compensation provided. The reasons for this determination include, without limitation, the following: components of the compensation are awarded on a discretionary basis; the compensation package for NEOs is reviewed and assessed annually by the Compensation Committee and the Board; the compensation program consists of fixed (base salary) and variable (annual cash bonuses and long-term Option grants) compensation, which is designed to balance the level of risk-taking while also focussing on generating long-term and sustainable value for shareholders; Options vest over a period of three years, which acts to further mitigate against the potential for inappropriate short-term risk-taking; and there are no compensation policies and practices that are significantly different for any NEOs other than with respect to the fact that the CEO does not receive a base salary. The Compensation Committee and the Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Company's compensation program is appropriately structured.

The Company's Disclosure, Confidentiality and Trading Policy provides that directors, officers and employees of the Company are prohibited from participating in transactions that could be perceived as speculative or influenced by positive or negative perceptions of the Corporation's prospects. Such prohibited speculative transactions include the use of puts, calls, collars, spread bets, contracts for difference, engaging in short selling (i.e. selling securities not owned or not fully paid for) and engaging in hedging activities of any kind.

Directors Compensation

In 2015, for the first time, and 2016, all independent directors received a cash remuneration of \$60,000 per year for their active involvement throughout the year. Historically, non-executive directors' remuneration was exclusively in the form of Options through the Share Option Plan.

Options

Non-executive directors participate in the Share Option Plan and the Company feels that this allows for an appropriate alignment of interests with both the directors and the shareholders of the Company. For 2016, each non-executive director has been restricted to receiving no more than \$100,000 of option value, in accordance with the limits of the Share Option Plan, fixing their annual remuneration to a maximum of \$100,000 as it relates to the Options.

Director Share Ownership Guidelines

Non-executive Board members are encouraged to own shares to align the long-term financial interests of the Board with those of shareholders. The Company has established guidelines for non-executive directors of the Company whereby they are required to hold at least three times their annual retainer fee in Common Shares. Vested unexercised options are not included in the calculation; only Common Share ownership. Any new non-executive board members, will have up to five years to accumulate the required ownership and they must show an increase in holdings every year until the requirement is met. In the event a retainer fee is increased, a further two-year period is provided to meet the new share ownership target. In 2015, all non-executive board members were paid, for the first time, a retainer fee of \$60,000 and as such they still have one year to ensure compliance with the set ownership guidelines. Incorporating the provisions noted above, all the directors conform to the guidelines.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid by the Company to the Named Executive Officers during the years ended December 31, 2016, 2015 and 2014.

Name and Principal Position	Year	Salary	Option-Based Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation ⁽⁵⁾	Total Compensation ⁽³⁾
				Annual Incentive Plan ⁽³⁾	Long-Term Incentive Plan ⁽²⁾		
Michael L. Rose ⁽⁴⁾	2016	—	320,232	2,500,000	—	—	2,820,232
Chairman, President and Chief Executive Officer	2015	—	1,079,910	2,000,000	—	—	3,079,910
	2014	—	1,888,018	1,500,000	—	—	3,388,018
Brian G. Robinson ⁽⁴⁾	2016	350,000	320,232	650,000	—	—	1,320,232
Director and Vice President, Finance and Chief Financial Officer	2015	325,000	770,764	450,000	—	—	1,545,764
	2014	287,500	944,009	300,000	—	—	1,531,509
Al Bush ⁽⁶⁾	2016	325,000	320,232	375,000	—	—	1,020,232
Vice President, Operations and Chief Operating Officer	2015	300,000	770,764	325,000	—	—	1,395,764
	2014	250,000	944,009	225,000	—	—	1,419,009
Ron Hill	2016	275,000	213,488	175,000	—	—	663,488
Vice President, Exploration	2015	270,000	578,073	225,000	—	—	1,073,073
	2014	257,500	755,207	200,000	—	—	1,212,707
Earl McKinnon ⁽⁷⁾	2016	275,000	320,232	275,000	—	—	870,232
Vice President, Drilling and Completion Operations	2015	257,500	694,528	175,000	—	—	1,127,028
	2014	207,500	738,249	50,000	—	—	995,749

(1) Based on the grant date fair value of the applicable awards and does not reflect what was actually paid to the NEO in the calendar year. The fair value of Options granted are estimated at the date of grant using a Black-Scholes Option Pricing Model with the following assumptions for the years ended December 31, 2016, 2015 and 2014: weighted average risk-free interest rate of 0.96% for 2016, 2.36% for 2015 and 2.86% for 2014; dividend yield of nil for each year; volatility factors of the market price of the Common Shares of 33.8% for 2016, 32.6% for 2015 and 40.0% for 2014; and an average expected life of the Options of five years for 2016 and four years for both 2015 and 2014. This methodology was selected due to its acceptance as an appropriate valuation model used by similar sized oil and gas companies.

(2) The Company does not have any cash-based long-term incentive plans.

(3) In June 2015, cash bonuses were made to NEOs as they related to the 2014 calendar year and were accrued in the 2014 year-end financial statements. In 2015, the Company changed its payment policy and paid NEO bonuses in the year they were earned and accrued for in the 2015 financial statements. As a result, in December 2015, cash bonuses paid to the NEO's for 2015 were as follows: Mr. Rose - \$1,750,000; Mr. Robinson - \$450,000; Mr. Bush - \$325,000; Mr. Hill - \$175,000 and Mr. McKinnon - \$175,000. These bonuses are in addition to the bonuses reflected in the table above.

(4) Messrs. Rose and Robinson received no additional compensation in their capacity as directors of the Company.

(5) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year. The value of perquisites is based on the actual cost to the Company for items including health and dental care, life insurance and parking costs.

(6) Mr. Bush was appointed Vice President, Operations and Chief Operating Officer in April 2014.

(7) Mr. McKinnon was appointed Vice President, Drilling and Completion Operations in May 2015.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following table sets forth for each Named Executive Officer all option-based awards outstanding at December 31, 2016.

Option-Based Awards ⁽³⁾					
Name	Number of Securities Underlying Unexercised Options (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽²⁾	
Michael L. Rose	30,000	34.29	Nov. 15, 2023	48,600	
	50,000	26.39	Nov. 15, 2020	476,000	
	60,000	39.53	June 3, 2020	—	
	100,000	53.80	June 4, 2019	—	
	100,000	41.89	June 5, 2018	—	
	150,000	23.28	June 6, 2017	1,894,500	
Brian G. Robinson	30,000	34.29	Nov. 15, 2023	48,600	
	40,000	26.39	Nov. 15, 2020	380,800	
	40,000	39.53	June 3, 2020	—	
	50,000	53.80	June 4, 2019	—	
	60,000	41.89	June 5, 2018	—	
	60,000	23.28	June 6, 2017	757,800	
Al Bush	30,000	34.29	Nov. 15, 2023	48,600	
	40,000	26.39	Nov. 15, 2020	380,800	
	40,000	39.53	June 3, 2020	—	
	50,000	53.80	June 4, 2019	—	
	60,000	41.89	June 5, 2018	—	
	30,000	23.28	June 6, 2017	378,900	
Ron Hill	20,000	34.29	Nov. 15, 2023	32,400	
	30,000	26.39	Nov. 15, 2020	285,600	
	30,000	39.53	June 3, 2020	—	
	40,000	53.80	June 4, 2019	—	
	50,000	41.89	June 5, 2018	—	
	40,000	23.28	June 6, 2017	505,200	
Earl McKinnon ⁽⁴⁾	30,000	34.29	Nov. 15, 2023	48,600	
	30,000	26.39	Nov. 15, 2020	285,600	
	40,000	39.53	June 3, 2020	—	
	30,000	42.78	Nov. 15, 2019	—	
	20,000	53.80	June 4, 2019	—	
	30,000	40.82	Nov. 15, 2018	—	
	50,000	41.89	June 5, 2018	—	
	30,000	31.85	Nov. 15, 2017	121,800	

(1) Common Shares underlying unexercised Options. See "Schedule B - Summary of Share Option Plan".

(2) Calculated based on the difference between the closing price of the Common Shares on December 31, 2016, of \$35.91, and the exercise price of the Options.

(3) The Company did not make any share-based awards in the last completed financial year nor are there any share-based awards outstanding.

(4) Mr. McKinnon was appointed Vice President, Drilling and Completion Operations in May 2015.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Michael L. Rose	157,500	2,500,000
Brian G. Robinson	126,000	650,000
Al Bush	126,000	375,000
Ron Hill	94,500	175,000
Earl McKinnon	94,500	275,000

(1) The Company did not have any share-based awards outstanding during the year ended December 31, 2016.

(2) Calculated based on the difference between the closing price of the Common Shares on the vesting date and the exercise price of the options multiplied by the options vested on the vesting date.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Except for the accelerated vesting of Options upon a Change of Control (as defined in the Share Option Plan), Tourmaline has not entered into or adopted any contract, agreement, plan or arrangement that provides for payments to a NEO at, following, or in connection with, any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Tourmaline or change in a NEO's responsibilities. This decision was made by the Board to ensure that in the event an outside party is interested in acquiring the Company, there are no negative hindrances associated with change of control severance contracts for NEOs which could potentially alter a decision that is ultimately in the best interest of the Company's shareholders.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth information concerning the compensation, excluding reimbursement to directors for expenses incurred in attending Board and committee meetings, paid to each of the Company's directors who was a director at any time in 2016, other than directors who are also NEOs, during the years ended December 31, 2016, 2015 and 2014.

Name	Year	Fees Earned ⁽²⁾ (\$)	Option-Based Awards ⁽¹⁾ (\$)	Annual Incentive Plan (\$)	Long-Term Incentive Plan (\$)	All Other Compensation (\$)	Total (\$)
Jill T. Angevine ⁽³⁾	2016	60,000	94,870	—	—	—	154,870
	2015	15,000	76,236	—	—	—	91,236
William D. Armstrong	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Lee A. Baker	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Robert W. Blakely	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
John W. Elick	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Kevin J. Keenan ⁽⁴⁾	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Phillip A. Lamoreaux	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Andrew B. MacDonald	2016	60,000	94,870	—	—	—	154,870
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Clayton H. Riddell ⁽⁵⁾	2016	5,000	—	—	—	—	5,000
	2015	60,000	58,228	—	—	—	118,228
	2014	—	94,401	—	—	—	94,401
Ronald C. Wigham ⁽⁶⁾	2016	60,000	94,870	—	—	—	154,870
	2015	—	—	—	—	—	—
	2014	—	—	—	—	—	—

(1) Based on the grant date fair value of the applicable awards and does not reflect what was actually paid to the director in the calendar year. The fair value of Options granted are estimated at the date of grant using a Black-Scholes Option Pricing Model with the following assumptions for the years ended December 31, 2016, 2015 and 2014 (except for Ms. Angevine's Option grant in 2015 which is described in note 3): risk-free interest rate of 0.85% for 2016, 2.36% for 2015 and 2.86% for 2014; dividend yield of nil for each year; volatility factors of the market price of the Common Shares of 33.73% for 2016, 32.60% for 2015 and 40% for 2014; and an average expected life of the Options of four years for each year. This methodology was selected due to its acceptance as an appropriate valuation model used by similar sized oil and gas companies.

(2) For the first time, in 2015, independent directors received a retainer fee of \$60,000 for their active involvement throughout the year. The additional remuneration was also to compensate for the fact that Options may or may not have value when they actually vest.

(3) Ms. Angevine was appointed to the Board on November 4, 2015. On November 15, 2015, Ms. Angevine was granted 10,000 options. The fair value of the Options granted was estimated at the date of grant using a Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 2.34%, dividend yield of nil; volatility factor of the market price of the Common Shares of 32.27%; and an average expected life of the Options of four years.

(4) Mr. Keenan will not stand for re-election at the Meeting.

(5) Mr. Riddell retired from the Board in January 2016.

(6) Mr. Wigham was appointed to the Board on March 7, 2016.

Directors' Outstanding Option-Based Awards

The following table sets forth for each of the directors who was a director at any time in 2016, other than directors who are also NEOs, all option-based awards and share-based awards outstanding at December 31, 2016.

Option-Based Awards ⁽¹⁾				
Name	Number of Securities Underlying Unexercised Options ⁽²⁾ (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽³⁾ (\$)
Jill T. Angevine ⁽⁴⁾	10,000	34.29	Nov. 15, 2021	16,200
	10,000	26.39	Nov. 15, 2020	95,200
William D. Armstrong	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	30,000	23.28	June 6, 2017	378,900
Lee A. Baker	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	25,000	23.28	June 6, 2017	315,750
Robert W. Blakely	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	30,000	23.28	June 6, 2017	378,900
John W. Elick ⁽⁵⁾	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	75,000	39.32	Apr. 15, 2018	—
Kevin J. Keenan ⁽⁶⁾	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	30,000	23.28	June 6, 2017	378,900
Phillip A. Lamoreaux	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	30,000	23.28	June 6, 2017	378,900
Andrew B. MacDonald	10,000	34.29	Nov. 15, 2021	16,200
	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	25,000	41.89	June 5, 2018	—
	30,000	23.28	June 6, 2017	378,900
Clayton H. Riddell ⁽⁷⁾	5,000	39.53	June 3, 2020	—
	5,000	53.80	June 4, 2019	—
	16,666	41.89	June 5, 2018	—
	10,000	23.28	June 6, 2017	126,300
Ronald C. Wigham ⁽⁸⁾	10,000	34.29	Nov. 15, 2021	16,200

(1) The Company did not make any share-based awards in the last completed financial year nor are there any share-based awards outstanding.

(2) Common Shares underlying unexercised Options. See "Schedule B - Summary of Share Option Plan".

(3) Calculated based on the difference between the closing price of the Common Shares on December 31, 2016, of \$35.91 and the exercise price of the Options.

(4) Ms. Angevine was appointed to the Board on November 4, 2015.

(5) Mr. Elick was appointed to the Board on March 19, 2013.

(6) Mr. Keenan will not stand for re-election at the June 2017 Annual and Special Meeting.

(7) Mr. Riddell retired from the Board in January 2016. Mr. Riddell's options are treated in accordance with the Share Option Plan and will remain outstanding until the earlier of 36 months from the retirement date or the end of the Exercise Period for such options.

(8) Mr. Wigham was appointed to the Board on March 7, 2016.

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

The following table sets forth for each of the directors who was a director at any time in 2016, other than directors who are also NEOs, the value of option-based awards and share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾⁽²⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽¹⁾
Jill T. Angevine	31,185	–
William D. Armstrong	–	–
Lee A. Baker	–	–
Robert W. Blakely	–	–
John W. Elick	–	–
Kevin J. Keenan	–	–
Phillip A. Lamoreaux	–	–
Andrew B. MacDonald	–	–
Clayton H. Riddell	–	–
Ronald C. Wigham	–	–

(1) The Company did not have any share-based awards outstanding during the year ended December 31, 2016 and the Company did not pay any cash-based long-term incentives to directors in 2016.

(2) Calculated based on the difference between the closing price of the Common Shares on the vesting date and the exercise price of the options multiplied by the options vested on the vesting date.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as at December 31, 2016 and April 24, 2017.

Plan Category ⁽¹⁾	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders – December 31, 2016 ⁽²⁾	20,037,497	\$37.26	2,793,147
Percent of Outstanding shares	7.5%	-	1.0%
Equity compensation plans approved by securityholders – April 24, 2017 ⁽³⁾	20,493,864	\$37.13	2,385,496
Percent of Outstanding shares	7.6%	-	0.9%

(1) The Company's only equity compensation plan is the Share Option Plan. See "Schedule B – Summary of Share Option Plan".

(2) During the year ended December 31, 2016, the Company granted 3,413,000 Options pursuant to the Share Option Plan which represents 1.3% of the 268,595,812 Common Shares outstanding at December 31, 2016. In addition, 2,885,249 Common Shares were issued during the year ended December 31, 2016 upon exercise of Options, representing 1.1% of the Common Shares outstanding as of that date.

(3) During the period from January 1, 2017 to April 24, 2017, the Company granted 554,500 Options pursuant to the Share Option Plan which represents 0.2% of the 269,168,945 Common Shares outstanding at April 24, 2017. In addition, 98,133 Common Shares were issued during the period from January 1, 2017 to April 24, 2017 upon exercise of Options, representing 0.04% of the Common Shares outstanding as of that date.

Indebtedness of Directors and Executive Officers

The Company is not aware of any individuals who are either current or former executive officers, directors or employees of the Company or any of its subsidiaries and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Company or otherwise) that is owing to: (i) the Company or any of its subsidiaries; or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

Except for (i) indebtedness that has been entirely repaid on or before the date of this information circular, and (ii) "routine indebtedness" (as defined in Form 51-102F5 of the Canadian Securities Administrators), the Company is not aware of any individuals who are, or who at any time during 2016 were, a director or executive officer of the Company, a proposed nominee for election as a director or an associate of any of those directors, executive officers or proposed nominees who are, or have been at any time since January 1, 2016, indebted to the Company or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since January 1, 2016 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

Audit Committee Information

The information required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, including information regarding the fees billed to Tourmaline by KPMG LLP, Chartered Professional Accountants, Calgary, Alberta, is contained in Tourmaline's Annual Information Form for the year ended December 31, 2016, under the heading "*Audit Committee Information*", an electronic copy of which is available on Tourmaline's SEDAR profile at www.sedar.com.

Comprehensive review of the external auditor

Audit committees are integral to the audit process and it is the Audit Committee's responsibility to oversee the work of the external auditor. To fulfill this responsibility, in 2014, the Audit Committee conducted a comprehensive review of KPMG's performance and effectiveness considering factors such as the:

- a) quality of services provided by KPMG's engagement team during the audit period;
- b) relevant qualifications, and experience;
- c) quality of communications received from KPMG; and
- d) KPMG's independence, objectivity and professional skepticism.

The Comprehensive Review of the External Auditor performed by the Audit Committee was also undertaken as part of the reappointment process. The Audit Committee assessed KPMG's performance, having reviewed input from Company personnel, input from KPMG relating to quality and regulatory inspections, and discussions with the Board. The Audit Committee also considered the institutional familiarity threats created by audit firm tenure, focusing on the Audit Committee's assessment of the auditor's objectivity and their application of professional skepticism, the quality of the engagement team the audit firm has provided, including technical and industry expertise and its rotation plan for key partner roles established to mitigate the familiarity threat.

The Audit Committee also:

- a) oversaw the annual work of the auditor;
- b) reviewed the integrated audit plan and assessed the reasonableness of audit fees;
- c) monitored the execution of the integrated audit plan;

- d) reviewed and evaluated the external auditor's findings;
- e) pre-approved all engagements with KPMG including non-audit services;
- f) received written confirmation from KPMG of its independence and discussed the potential effects of any relationships that may reasonably be thought to bear on independence;
- g) met in camera with the auditors at every Audit Committee meeting; and
- h) conducted a comprehensive assessment of the external auditors.

In 2016, the Audit Committee completed an annual assessment of the external auditors focusing again on the above noted performance and effectiveness factors. The Audit Committee concluded that it was satisfied with KPMG's performance and approved and recommended that the Board recommend to shareholders the appointment of KPMG as auditor of Tourmaline.

Corporate Governance Practices

The Company's disclosure with respect to corporate governance practices is set forth in "*Schedule A – Corporate Governance Disclosure*" hereto.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any informed persons (as defined in National Instrument 51-102) of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the most recently completed financial year of the Company or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERSTO BE ACTED UPON

Management of the Company 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 the Company or anyone who has held office as such since the beginning of the Company'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 other than the election of directors.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information in respect of the Company and its affairs is provided in the Company's annual audited comparative financial statements for the years ended December 31, 2016 and 2015 and the related management's discussion and analysis. Copies of the Company's financial statements and related management's discussion and analysis are available upon request from the Vice President, Finance and Chief Financial Officer of the Company, 403-266-5992 or robinson@tourmalineoil.com.

SCHEDULE A CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101– *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that the Company include the corporate governance disclosure prescribed by Form 58-101F1 ("**Form 58-101F1 Disclosure**") in this Information Circular – Proxy Statement. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure prescribed by NI 58-101.

Set out below is a description of the Company's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. Board of Directors

a) **Disclose the identity of directors who are independent.**

The following nine directors of the Company are independent for purposes of NI 58-101:

Jill T. Angevine;
William D. Armstrong;
Lee A. Baker;
Robert W. Blakely;
John W. Elick;
Kevin J. Keenan;
Phillip A. Lamoreaux;
Andrew B. MacDonald; and
Ronald C. Wigham.

Not included in the above list is Lucy M. Miller. Ms. Miller is nominated for election as an independent director of the Company and is expected to fill a vacant director position as Mr. Keenan will not be standing for re-election. Upon the election of Ms. Miller as a director, The Company will continue to have nine independent directors out of a total of 11 directors.

b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

Michael L. Rose is not independent as he also occupies the position of President and Chief Executive Officer.

Brian G. Robinson is not independent as he also occupies the position of Vice President, Finance and Chief Financial Officer.

Although Messrs. Rose and Robinson are not independent, the Board is of the view that it functions, and will continue to function, independently of management and that the Board is organized properly, functions effectively and meets its obligations and responsibilities, including those matters set forth in the mandate of the Board.

c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.**

Of the Company's 11 directors standing for election at the Meeting, nine are independent and two are not independent. See also paragraphs 1(a) and 1(b) above and paragraph 1(e) below.

- d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Jill T. Angevine	Chinook Energy Inc. Advantage Oil & Gas Ltd.
Ronald C. Wigham	Zargon Oil & Gas Ltd.

- e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Company and the management directors of the Company who are present at such meeting leave the meeting in order for the independent directors to meet separately. Six such meetings of the independent directors have been held since the beginning of the Company's most recently completed financial year. In addition, other meetings of the independent directors may be held from time to time if required. The independent directors each take leadership roles on various issues as the need arises. Further, as with all directors, the independent directors may engage external advisors at the expense of the Company in appropriate circumstances, subject to the approval of the Board, and have complete access to appropriate personnel of the Company in order to secure all information necessary to fulfill their duties.

- f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

The Chairman of the Board is not an independent director as he is the Chief Executive Officer of the Company. The Board has a lead director, Robert W. Blakely, who is an independent director. The lead director provides independent leadership to the Board to facilitate the functioning of the Board independently of management of the Company and other non-independent Board members. The lead director may consult and meet with any or all of the independent Board members, at the discretion of the members and with or without the attendance of the Chairman, and, as appropriate and without inhibiting direct communication, represent such board members in discussions with the Chairman on corporate governance and other matters. The lead director may also assist in the process of conducting director evaluations. The lead director is to ensure that reasonable procedures are in place for directors to consult outside advisors at the expense of the Company in appropriate circumstances, subject to its prior approval and is to meet annually with each director to obtain insight as to where they believe the Board and its committees could operate more effectively.

- g) **Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.**

For 2016, all Board and Committee meetings were 100% attended by the respective members as described in the section "Matters to be Acted Upon at the Meeting – Information Regarding Proposed Directors".

2. Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Board mandate is attached as Appendix A.

3. Position Descriptions

- a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Chairman of the Board and the Chairman of each of the Board committees.

- b) **Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The Board, with the input of the Chief Executive Officer, has developed a written position description for the Chief Executive Officer.

4. Orientation and Continuing Education

- a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

As new directors join the Board, they are provided with, among other things, corporate policies, historical information about the Company, information on the Company's performance and its strategic plan and an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures are a practical and effective approach in light of the Company's particular circumstances, including the size of the Company, limited turnover of the directors and the experience and expertise of the directors.

- b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

The Company regularly provides the directors with updates on business, operations and affairs of the Company, including new and ongoing prospects, the Company's performance relative to its peers, market outlooks and related developments that could impact the Company's operations and financial results. Updates are conducted at least quarterly by senior management with responsibility in the relevant areas. In February 2017, the Board also had a two-day strategy session where the Board as well as some senior management met to discuss the above noted topics along with an increased focus on long-term strategies for the Company including growth profiles versus sustainability modeling as well as discussions around succession planning. In addition, from time to time, presentations and seminars are provided to the Board on recent accounting developments as well as other issues receiving increased focus in the industry. Recent examples include presentations on new accounting pronouncements and rules, presentations from the Company's external consultants on the effectiveness of the Company's internal controls, discussions on recent market activity and potential impacts on the Company's financial statements, updates on the Company's long-term commitments and the Company's position relative to its Canadian and U.S. peers.

The Company also encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director of the Company has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director.

5. Ethical Business Conduct

- a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

The Company has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "**Code**"). In addition, the Company has adopted a separate Code of Ethics for Senior Officers. The Code of Business Conduct and Ethics reflects the Company's commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all employees are expected to comply. The Company recognizes that each employee's cooperation and commitment is necessary for continued success and the cultivation and maintenance of its reputation as a good corporate citizen.

The Code also addresses a number of important topics, including conflicts of interest, corporate opportunities, confidentiality, protection and proper use of company assets, insider trading, fair dealing, compliance with laws, rules and regulations, compliance with environmental laws, discrimination and harassment, safety and health, accuracy of company records and reporting, use of email and internet services, political activities and contributions, illicit payments, payments to officials, directors role in the code of business conduct and ethics, and compliance procedures.

- i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained from the Secretary of the Company, 403-266-5992 and is also available on SEDAR at www.sedar.com.

- ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code by requiring that each of the officers, employees and consultants of the Company affirm in writing when commencing employment his or her agreement to abide by the Code. Compliance is also reaffirmed annually by all individuals. In addition, management provides reports on compliance with the Code to the Board on an annual basis.

- iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

Not applicable.

- b) **Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction with the Company are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has adopted a "Whistleblower Policy" which provides employees and consultants of the Company with a mechanism by which they may raise concerns including (but not limited to) falsification of financial records, unethical conduct, harassment and theft in a confidential, anonymous process.

6. Nomination of Directors

- a) **Describe the process by which the board identifies new candidates for board nomination.**

The Corporate Governance and Nominating Committee is responsible for recommending suitable candidates for nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Corporate Governance and Nominating Committee considers: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; and (iv) whether each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

When potential candidates are identified, they are screened to ensure that they possess the requisite qualities of integrity, business and professional experience, independence considerations and other skills. The other commitments of the potential candidates are also considered to ensure that the candidate is able to fulfill the candidate's obligations as a director. Potential candidates are identified through suggestions by members of the Board, industry contacts and, in certain cases, professional search agencies.

The Corporate Governance and Nominating Committee believes that the Board should be comprised of directors with a broad range of skills, experience and expertise and utilizes a skills matrix to identify those areas which are necessary for the Board to carry out its mandate effectively. The Company's "Board Skills Matrix" is set out under the heading "*Matters to be Acted Upon at the Meeting – Board Skills Matrix*".

The Corporate Governance and Nominating Committee also reviews on a periodic basis the composition of the Board, and analyzes the needs of the Board and recommends nominees who meet such needs.

- b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Corporate Governance and Nominating Committee, which is responsible for nominating directors, is composed entirely of independent directors.

- c) **If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a) above.

7. Compensation

- a) **Describe the process by which the board determines the compensation for the issuer's directors and officers.**

See the "Compensation Discussion and Analysis" section in the accompanying Information Circular – Proxy Statement.

- b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

The Compensation Committee is composed entirely of independent directors.

- c) **If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and employees of the Company. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- i) to review the compensation philosophy and remuneration policy for employees of the Company and to recommend to the Board changes to improve the Company's ability to recruit, retain and motivate employees;
- ii) to review and recommend to the Board the retainer and fees to be paid to members of the Board;
- iii) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the Chief Executive Officer's compensation level based on such evaluation;
- iv) to recommend to the Board all officer and director compensation including to review management's recommendations for proposed share option and other incentive compensation plans, officer and director compensation and make recommendations in respect thereof to the Board;
- v) to administer the share option plan approved by the Board in accordance with its terms including the recommendation to the Board of the grant of share options in accordance with the terms thereof;
- vi) to determine and recommend for approval of the Board bonuses to be paid to officers and employees of the Company and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- vii) to prepare and submit a report of the Committee for inclusion of annual disclosure required by applicable securities laws to be made by the Company including the Compensation Committee Report required to be included in the information circular – proxy statement of the Company and review other executive compensation disclosure before the Company publicly discloses such information.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time. All members of the Committee are required to be independent; as such term is defined for this purpose under applicable securities requirements.

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

The Company has established a Corporate Governance and Nominating Committee and a Reserves, Safety and Environmental Committee.

The Corporate Governance and Nominating Committee's mandate includes reviewing and recommending mandates of the Board and its committees, recommending appropriate governance processes, policies and guidelines for the Company, and formulating and recommending to the Board compensation policies and remuneration for employees, officers and directors.

The Reserves, Safety and Environmental Committee's mandate includes reviewing and overseeing the Company's procedures for reserve evaluation and reporting, engaging the independent reserve evaluator and reviewing fundamental policies pertaining to environmental, health and safety.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Corporate Governance and Nominating Committee is responsible to evaluate the effectiveness of the Board, committees and individual directors. Prior to 2016, the Corporate Governance and Nominating Committee relied on informal evaluations to assess Board and committee effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board. Although, the methodology used had been both responsive and practical, in 2016, the Committee implemented a formal evaluation process whereby all independent directors completed a formal board evaluation questionnaire. The results of this questionnaire were analyzed and discussed at a subsequent board meeting and it was concluded that the Board and Committees were operating effectively.

10. Director Term Limits and Other Mechanisms of Board Renewal - Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of the Company. Therefore, it has not specifically adopted term limits or other mechanisms for board renewal.

However, when considering nominees for the Board, the Corporate Governance and Nominating Committee reviews the skills and experience of the current directors with the objective of recommending a group of directors that can best perpetuate the Company's success and represent shareholder interests through the exercise of sound judgment and the application of its diversity of experience. The Corporate Governance and Nominating Committee also considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Company. In addition, the Corporate Governance and Nominating Committee also assesses the knowledge, experience and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Board

also considers whether the individual will enhance the diversity of views and experiences available to the Board in its deliberations.

The Board did experience change over the past few years. Specifically, Mr. Yurkovich, a non-independent Board member who had been with the Company in various capacities since inception, retired from his position as a Board member in June 2015. In November 2015, Ms. Angevine was appointed to the Board as an independent Board member. In January 2016, Mr. Riddell, a non-independent Board member, retired from the Board. In March 2016, Mr. Wigham was appointed to the Board as an independent Board member. In 2017, Mr. Keenan, an independent Board member, is retiring from the Board and it is proposed that Ms. Miller be appointed to the Board as an independent Board member at the Meeting.

11. Policies Regarding the Representation of Women on the Board - Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Board has not adopted policies that address the identification and nomination of women directors of the Company.

The Board acknowledges the importance of diversity and although it does not have a formal diversity or gender policy, it is guided by the Company's philosophy with respect to diversity in its review and consideration of potential director nominees. The potential candidates are assessed on numerous factors including:

- whether the individual meets the requirements of independence;
- whether the individual has a general understanding of various disciplines relevant to the success of a large publicly traded company in today's global business environment;
- the individual's understanding of the Company's business and the oil and gas industry as a whole;
- the individual's professional expertise and experience;
- the individual's educational and professional background; and
- other characteristics of the individual that promote diversity and breadth of experience.

The Board believes that Board nominations and executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates as well as the requirements of the Board and management at the time. The Company is committed to meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide leadership needed to achieve business objectives, without reference to their age or gender is in the best interests of the Company and all of its stakeholders.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

The Board encourages the consideration of women who have the necessary, skills, knowledge, experience and character when evaluating new potential candidates for the Board, and it does consider the level of representation of women on the Board when identifying and nominating potential candidates for election or re-election to the Board; however, the Board feels that, in keeping its commitment to meritocracy, the best and most qualified individual in all respect should be the individual that is nominated.

At the Meeting, Ms. Miller will be nominated as a proposed director. Ms. Miller brings a breadth of experience that will both diversify and compliment the current board member composition.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

The Board encourages the consideration of women who have the necessary, skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Company has not imposed quotas or targets regarding the representation of women on the Board and in executive officer positions. The Board believes that imposing quotas or targets regarding the representation of women in executive officer positions would compromise the principles of meritocracy and its overall philosophy of equal opportunity and diversity. However, the Board does understand and appreciate the importance of gender equality and diversification and considers this when recruiting for a Board appointment or executive officer position.

15. Number of Women on the Board and in Executive Officer Positions

Presently, there is one woman serving on the Board of Directors and one proposed woman director, resulting in an 18% representation of women on the Board compared to the Company's Peer Group, which has a 16% representation. The Company's current organizational structure is comprised of seven officers and fifteen underlying managers. While there are no women currently occupying an officer role, the manager group includes three women, representing 20% of that group.

APPENDIX A

MANDATE OF THE BOARD OF DIRECTORS

General

The Board of Directors (the "**Board**") of Tourmaline Oil Corp. (the "**Company**" or "**Tourmaline**") is responsible for the stewardship of the Company. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Tourmaline. In general terms, the Board will:

- in consultation with the chief executive officer of the Company (the "**CEO**"), define the principal objectives of Tourmaline;
- supervise the management of the business and affairs of Tourmaline with the goal of achieving Tourmaline's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Specific

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Establish processes as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management. The Board's goal is to have a long-term and continuing program for effective senior leadership development and succession. The Board also considers contingency plans in place for emergencies involving the CEO or other executive officers.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of Tourmaline's strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to Tourmaline and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established an adequate system of internal control.
- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding Tourmaline's financial and other disclosure.
- Review and approve Tourmaline's financial statements and oversee Tourmaline's compliance with applicable audit, accounting and reporting requirements.

- Approve annual operating and capital budgets.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve a Business Conduct & Ethics Practice for directors, officers and employees and monitor compliance with the Practice and approve any waivers of the Practice for officers and directors.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Company and that the CEO and other executive officers create a culture of integrity throughout Tourmaline.

Board Process/Effectiveness

- A quorum for meetings of the Board will be at least 50% of its members.
- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings.
- Engage in the process of determining Board member qualifications with the Corporate Governance and Nominating Committee including ensuring that a majority of directors qualify as independent directors pursuant to *National Instrument 58-101 Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re-assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of Tourmaline's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which Tourmaline operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non-independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Company, as determined by the Board.

In addition to the above, adherence to all other Board responsibilities as set forth in the Company's By-Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

Delegation

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.
- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of Tourmaline, the Chairman of the Board will act as a liaison between stakeholders of Tourmaline and the Board (including independent members of the Board).

SCHEDULE B

SUMMARY OF SHARE OPTION PLAN

The following is a summary of the material terms of the share option plan, as amended by Tourmaline (the "**Option Plan**"). This summary is qualified in its entirety by reference to the full text of the Option Plan, which is attached as "*Schedule C – Share Option Plan*". None of the amendments previously made by Tourmaline required approval of the Shareholders.

Purpose and Administration of the Option Plan

The purpose of the Option Plan is to develop the interest of existing or proposed officers, directors, employees and Service Providers (as defined below) of the Company and its subsidiaries and other persons who provide or are proposed to provide ongoing management or consulting services to the Company or its subsidiaries in the growth and development of the Company by providing them with the opportunity through Options to acquire an increased proprietary interest in the Company. For the purposes of the Option Plan, "**Service Provider**" means a person or company engaged, or proposed to be engaged, by the Company to provide services for an initial, renewable or extended period of 12 months or more.

The Option Plan is administered by the Board, or if appointed, by a committee of directors appointed from time to time by the Board (such committee, or if no such committee is appointed, the Board is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Board.

Granting of Options

The Committee has the authority to designate existing or proposed directors, officers, employees and Service Providers of the Company or its subsidiaries (collectively, the "**Optionees**") to whom Options to purchase Common Shares may be granted and the number of Common Shares to be optioned to each and may grant such Options, subject to the provisions of the Option Plan and described below.

The Option Plan provides that:

- a) the number of Common Shares reserved for issuance on exercise of all Options outstanding under the Option Plan at any time shall not exceed 8.5% of the Outstanding Common Shares (as defined in the Option Plan) at the time in question (the "**Common Share Maximum**") subject to adjustment as set forth in the Option Plan;
- b) the number of Common Shares reserved for issuance under the Option Plan to any one Optionee shall not exceed 5% of the Outstanding Common Shares;
- c) the number of Common Shares issuable to Insiders (as defined in the Option Plan), at any time, under all Share Compensation Arrangements (as defined in the Option Plan), shall not exceed 10% of the Outstanding Common Shares;
- d) the number of Common Shares issued to Insiders, within any one-year period, under all Share Compensation Arrangements, shall not exceed 10% of the Outstanding Common Shares; and
- e) the value of Options granted to any one director of the Company who is not an officer or employee of the Company or its subsidiaries during a calendar year, as calculated on the date of grant, shall not exceed \$100,000.

Any increase in the Outstanding Common Shares (whether as a result of the exercise of Options or otherwise) will result in an increase in the number of Common Shares that may be issued on exercise of Options outstanding at any

time and any decrease in the number of Options outstanding, due to the exercise of Options, will make new grants available under the Option Plan.

The Common Shares that are reserved for issuance on exercise of Options granted pursuant to the Option Plan that are cancelled, terminated or expire prior to the exercise of all or a portion thereof are available for a subsequent grant of Options pursuant to the Option Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

Vesting

In the absence of any determination otherwise at the time of grant, vesting of Options shall be as to one third of the number of Options granted on the first anniversary of the date of grant and as to one third of the number of Options granted on the anniversary of the date of grant on each of the next two (2) succeeding years thereafter.

Notwithstanding the foregoing, vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a Change of Control takes place and as otherwise provided herein. Further, the Committee may accelerate or provide for the acceleration of, vesting of Options previously granted where exceptional circumstances exist as determined by the Committee and confirmed by the Board.

Exercise Price

The exercise price (the "**Exercise Price**") of any Option will be fixed by the Committee when such Option is granted, provided that from and after the date that the Common Shares are listed on a stock exchange (the "**Exchange**"), such price shall not be less than the Current Market Price. For this purpose, "**Current Market Price**" means the volume weighted average trading price of the Common Shares on the Exchange (or if the Common Shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Committee for such purpose) for the five (5) trading days immediately preceding the date of grant of Options and, for this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common Shares traded for such period; or, if the Common Shares are not listed on any Exchange, a price determined by the Committee.

Option Terms

The period during which an Option is exercisable (the "**Exercise Period**") shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Committee at the time of grant provided that no Option may be exercised beyond the maximum term of the Options. The maximum term of the Options was increased from five to seven years from the date of grant, with respect to Options granted subsequent to such increase. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option shall provide that:

- a) *Termination for Cause* – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of termination for cause, effective at the date on which notice is given to the Optionee of such termination, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;
- b) *Termination not for Cause* – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of termination other than termination for cause, effective at the earlier of the date which is thirty (30) days following the date on which notice is given in respect of such termination and the end of the Exercise Period, all Options held by the Optionee which have not vested at such date shall terminate and become null and void, unless determined otherwise by the Committee in its sole discretion. With respect to the portion of the

outstanding Options which are held by such Optionee and which have vested at the expiration of such period, unless determined otherwise by the Committee in its sole discretion, the Optionee shall have until the earlier of:

- i) three (3) months from the date on which notice is given in respect of such termination; or
 - ii) the end of the Exercise Period; to exercise any Options which have vested as aforesaid and any vested Options which have not been so exercised shall terminate and become null and void;
- c) *Voluntary Resignation* – if the Optionee voluntarily ceases to be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company other than as a result of such Optionee's disability, retirement or death, effective at the earlier of the last day of any notice period applicable in respect of such voluntary resignation and the date on which the Optionee ceases to be a Service Provider, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;
- d) *Disability* – if an Optionee ceases to be an officer of or be in the employ of, or a consultant or other Service Provider to either the Company or a subsidiary of the Company as a result of such Optionee's disability as defined in the plan, all Options granted to such Optionee shall not change as a result of such Optionee's disability;
- e) *Retirement* – if an Optionee ceases to be an officer of or be in the employ of, or a consultant or other Service Provider to either the Company or a subsidiary of the Company as a result of such Optionee's retirement as defined in the plan, if on the date of such Optionee's retirement, the Optionee has provided services to the Company or a subsidiary of the Company for a period of five (5) years or such other period as may be determined by the Committee, the Optionee shall only have until the earlier of:
- i) thirty-six (36) months from the date of such Optionee's retirement or such other date as may be determined by the Committee; or
 - ii) the end of the Exercise Period;

to exercise any Options which have vested at the date of exercise, and at the expiration of such period any Options which have not been exercised shall terminate and become null and void.

Furthermore, the Committee shall have the discretion, if it feels that it is appropriate, to alter the consequences of the Retirement of an Optionee on such Optionee's outstanding Options; and

- f) *Death* – if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Company or a subsidiary of the Company, as a result of the death of the Optionee, all Options which have not vested at such date shall immediately vest and the executor, administrator or personal representative of such Optionee shall have until the earlier of:
- i) twelve (12) months from the date of death of such Optionee; or
 - ii) the end of the Exercise Period;

to exercise any outstanding Options, and at the expiration of such period, any Options which have not been exercised shall terminate and become null and void.

For the purposes of this Plan and any Options granted pursuant to this Plan, the Optionee shall be deemed to have ceased to be an employee or Service Provider of the Company or any subsidiary of the Company, as applicable, and the Optionee shall be deemed to have terminated or resigned from employment or other service arrangement with the Company for the purposes hereof or for the purposes of any Option issued pursuant to the terms hereof on the first to occur of such termination or resignation or the date (as determined by the Committee) that the Optionee

ceases in the active performance of all of the regular duties of the Optionee's job, which includes the carrying on of all of the usual and customary day-to-day duties of the job for the normal and scheduled number of hours in each working day, or the Optionee ceases to provide services pursuant to the services arrangement, as applicable; the foregoing to apply whether or not adequate or proper notice of termination shall have been provided by and to the Company in respect of such termination of employment or other service arrangement.

The Plan does not confer upon an Optionee any right with respect to continuation of employment by the Company or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Company or a subsidiary thereof to terminate the Optionee's employment or service provision at any time.

If the normal expiry date of any Options fall within any Blackout Period or within ten (10) business days following the end of any Blackout Period ("**Blackout Options**"), then the Expiry Date of such Blackout Options shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options.

Cashless Exercise

Subject to the provisions of the Plan, if permitted by the Board, an Optionee may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by multiplying the number of Common Shares which the Optionee is entitled to purchase pursuant to the Options being surrendered by a fraction of which the numerator is the difference between the Current Market Price (calculated as at the date of exercise) and the exercise price of such Option and of which the denominator is the Current Market Price (calculated as at the date of exercise). An Option may be exercised pursuant to this Section from time to time by delivery to the Company at its head office in Calgary, Alberta or such other place as may be specified by the Company, of a written notice of exercise specifying that the Optionee has elected to a cashless exercise of such Option and the number of Options to be exercised. The Company will not be required, upon the exercise of any Options pursuant to this Section, to issue fractions of Common Shares, there will be paid to the Optionee by the Company upon the exercise of such Options pursuant to this Section within ten (10) business days after the exercise date, an amount in lawful money of Canada to the then fair market value of such fractional interest (as determined by the Board), provided that the Company will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for future issuance under the Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

Mergers, Amalgamation and Sale

If the Company becomes merged (whether by plan of arrangement or otherwise) or amalgamated in or with another company or entity or sells the whole or substantially the whole of its assets and undertakings for shares or securities of another company or other entity, the Company will, subject to the Option Plan, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee will receive such number of shares of the continuing successor company or other entity in such merger or amalgamation or the securities or shares of the purchasing company or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Company immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Company to the Optionee in respect of the Common Shares subject to the Option will terminate and be at an end and the Optionee will cease to have any further rights in respect thereof. Alternatively, and in lieu of making such

provision, in the event of such merger, amalgamation or sale, the Company may satisfy any obligations to an Optionee by paying to the Optionee, in cash, the difference between the Exercise Price of all unexercised Options held by the Optionee and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised Options. Adjustments under the Option Plan or any determinations as to fair market value of any securities will be made by the Committee, and any reasonable determination made by the Committee will be binding and conclusive.

Acceleration of Vesting and Termination of Option in the Event of Take-Over Bid

In the event of a Take-Over Bid (as defined in the Option Plan), Optionees have the right to exercise Options granted pursuant to the Option Plan to purchase all of the Common Shares which have not been previously purchased under such Options, but any such Common Shares not otherwise vested and exercisable may only be purchased for tender pursuant to such Take-Over Bid. If for any reason such Common Shares are not so tendered or, if tendered, are not for any reason taken up and paid for by the offeree pursuant to such Take-Over Bid, any such Common Shares so purchased by an Optionee will be and be deemed to be cancelled and returned to treasury of the Company, will be added back to the number of Common Shares, if any, remaining unexercised under the applicable Option and, upon presentation to the Company of share certificates representing such shares properly endorsed for transfer back to the Company, the Company will refund to the Optionee all consideration paid on the exercise thereof. In the event a Take-Over Bid is made and Common Shares are taken up and paid for pursuant to such Take-Over Bid, the Company will have the right to satisfy any obligations to an Optionee in respect of any Options not exercised by paying to the Optionee, in cash, the difference between the Exercise Price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value will be conclusively made by the Committee. Upon payment as aforesaid, the Options will terminate and be at an end and the Optionee will cease to have any further rights in respect thereof.

Alterations in Shares

In the event, at any time or from time to time, that the share capital of the Company shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common Shares granted or the Company will pay a dividend (other than in the ordinary course) upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, securities or other assets, or other relevant changes in the share capital of the Company, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision, stock dividend or other change shall be proportionately adjusted (including as to the number of Common Shares subject to the Option and the exercise price thereof, as applicable) so that the Optionee will from time to time, upon the exercise of an Option, be entitled to receive the number of shares, securities or other property of the Company he or she would have held following such consolidation, subdivision, stock dividend or other change if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision, stock dividend or other change. Upon any such adjustments being made, the Optionee will be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

For greater certainty, and anything above to the contrary notwithstanding, no adjustment will be made in accordance with the Option Plan with respect to the issue of Common Shares being made pursuant to or in connection with:

- a) any stock option plan or stock purchase plan, including the Option Plan, in force from time to time for existing or proposed officers, directors, employees or Service Providers of the Company; or
- b) the issuance of additional Common Shares pursuant to a public offering or private placement by the Company or a take-over bid made by the Company for the securities of another entity.

Option Agreements

A written agreement will be entered into between the Company and each Optionee to whom an Option is granted pursuant to the Option Plan, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Committee, all in accordance with the provisions of the Option Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Company to enter into and may contain such terms as may be considered necessary in order that the Option will comply with the Option Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen and the rules of any regulatory body having jurisdiction over the Company.

Regulatory Authorities Approvals

The Option Plan and the Company's obligation to issue and deliver Common Shares under any Option is subject to the approval, if required, of any Exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval, if required, is conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

Amendment or Discontinuance of the Option Plan

The Committee may amend or discontinue the Option Plan and Options granted thereunder at any time without shareholder approval; provided any amendment to the Option Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. Without the prior approval of the shareholders, or such approval as may be required by the Exchange, the Committee may not:

- a) make any amendment to the Option Plan to increase the Common Share Maximum;
- b) reduce the exercise price of any outstanding Options;
- c) cancel an Option and subsequently issue the holder of such Option a new Option or other entitlements in replacement thereof;
- d) extend the term of any outstanding Option beyond the original expiry date of such Option;
- e) make an amendment to increase the maximum limit on the number of securities that may be issued to insiders;
- f) make an amendment to increase the value of Options issuable to directors who are not officers or employees of the Company or its subsidiaries;
- g) make any amendment to the Option Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or
- h) make an amendment to amend the amendment provisions of the Option Plan.

The Committee may amend or terminate the Option Plan or any outstanding Option granted thereunder at any time without the approval of the Company, the shareholders of the Company or any Optionee whose Option is amended or terminated, in order to conform the Option Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant stock exchange or regulatory authority, whether or not that amendment or termination would affect any accrued rights, subject to the approval of that stock exchange or regulatory authority.

In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Option Plan.

SCHEDULE C SHARE OPTION PLAN

1. Purpose of Plan

The purpose of this plan (the "**Plan**") is to develop the interest of existing or proposed officers, directors, employees and Service Providers of Tourmaline Oil Corp. (the "**Corporation**") and its subsidiaries and other persons who provide or are proposed to provide ongoing management or consulting services to the Corporation or its subsidiaries in the growth and development of the Corporation by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in the Corporation.

2. Definitions

In this Plan, capitalized terms not otherwise defined in this Plan have the following meanings:

- (a) "**Associate**" has the meaning ascribed thereto by the Securities Act (Ontario) as from time to time amended, supplemented or re-enacted;
- (b) "**Blackout Period**" means the period when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (c) "**Board**" means the board of directors of the Corporation;
- (d) "**business day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are generally not open for business;
- (e) "**Change of Control**" means and it shall be deemed to have taken place if any of the following shall have occurred:
 - i. a successful Take-Over Bid; or
 - ii. the purchase or acquisition, without the approval or consent of the Board, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 25% of the votes attaching to all Voting Shares; or
 - iii. the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or entity which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation, such that assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 25% of the votes attaching to all Voting Shares, and immediately following the event described in this paragraph, the directors of the Corporation immediately prior to such event do not constitute

- a majority of the Board (or equivalent) of the successor or continuing corporation or entity immediately following such event; or
- iv. the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
 - v. the liquidation, dissolution or winding-up of the Corporation; or
 - vi. the sale, lease or other disposition of all or substantially all of the assets of the Corporation (other than pursuant to an internal reorganization); or
 - vii. a determination by the Board that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation or otherwise, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (f) **"Convertible Securities"** means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
 - (g) **"Disability"** in respect of an Optionee means that such Optionee is receiving benefits under any long-term disability plan of the Corporation or a subsidiary of the Corporation;
 - (h) **"Holder"** means a person, a group of persons or persons acting jointly or in concert, or persons associated or affiliated, within the meaning of NI 62-104, with any such person, group of persons or any of such persons acting jointly or in concert;
 - (i) **"Insider"** of the Corporation means:
 - i. an insider as defined in the Securities Act (Ontario) as from time to time amended, supplemented or re-enacted, other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
 - ii. an Associate of any person who is an insider by virtue of paragraph 2(a);
 - (j) **"NI 62-104"** means *National Instrument 62-104 – Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;
 - (k) **"Outstanding Common Shares"** at the time of any share issuance or grant of Options means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including any Exchange on which the Common Shares may be listed;
 - (l) **"Service Provider"** means a person or company engaged, or proposed to be engaged, by the Corporation to provide services for an initial, renewable or extended period of twelve months or more;

- (m) **"Retirement"** shall mean the date that an Optionee (as defined herein) reaches the age of fifty-five (55) (and provided that the Optionee has provided services to the Corporation or a subsidiary of the Corporation for a minimum of five (5) years at such time), voluntarily ceases to be an officer of or be in the employ of, or a consultant or other Service Provider to either the Corporation or a subsidiary of the Corporation and enters into an agreement in respect of such retirement with the Corporation that is acceptable to the Corporation, or such other meaning as the Committee or the Board shall determine from time to time but, for greater certainty, shall not include any of the events described in paragraphs 7(a), (b), (c), (d) or (f). The agreement in respect of retirement referred to above will, among other things, restrict the Optionee's ability to engage in activities which are in competition with or are otherwise adverse to the interests of the Corporation as well as the consequences of breaching such restrictions;
- (n) **"Share Compensation Arrangement"** means (i) a stock option plan for the benefit of employees, Insiders, Service Providers or any one of such groups, (ii) individual stock options granted to employees, Insiders or Service Providers if not granted pursuant to a plan previously approved by the Corporation's securityholders, (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches a whole or a portion of the securities being purchased, (iv) stock appreciation rights involving issuances of securities from treasury, (v) any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Corporation, and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever, but excludes the performance common share purchase warrants proposed to be issued or reserved for issuance by the Corporation. For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Corporation are not Share Compensation Arrangements;
- (o) **"subsidiary"** has the meaning assigned thereto under the Securities Act (Ontario) as from time to time amended, supplemented or re-enacted; and
- (p) **"Take-Over Bid"** means a take-over bid (as defined in NI 62-104), which is not exempt from the take-over bid requirements of Part 4 of NI 62-104 (or its replacement or successor provisions) made for the Common Shares or other Voting Shares of the Corporation with or without the approval or consent of the Board pursuant to which, if the Take-Over Bid is successful, will result in a Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares that have the right to cast more than 50% of the votes attached to all Voting Shares; and
- (q) **"Voting Shares"** means any securities of the Corporation ordinarily carrying the right to vote at elections of directors.

3. Administration

The Plan shall be administered by the Board, or if appointed, by a committee of directors appointed from time to time by the Board (such committee, or if no such committee is appointed, the Board is hereinafter referred to as the **"Committee"**) pursuant to rules of procedure fixed by the Board.

4. Granting of Options

The Committee may from time to time designate existing or proposed directors, officers, employees and Service Providers of the Corporation or its subsidiaries (collectively, the "**Optionees**") to whom options ("**Options**") to purchase common shares ("**Common Shares**") of the Corporation may be granted and the number of Common Shares to be optioned to each and may grant such Options, provided that:

- (a) the number of Common Shares reserved for issuance on exercise of all Options outstanding under the Plan at any time shall not exceed 8.5% of the Outstanding Common Shares at the time in question (the "**Common Share Maximum**") subject to adjustment as set forth in Section 10 and as hereinafter provided;
- (b) the number of Common Shares reserved for issuance under the Plan to any one Optionee shall not exceed 5% of the Outstanding Common Shares;
- (c) the number of Common Shares issuable to Insiders, at any time, under all Share Compensation Arrangements, including this Plan, shall not exceed 10% of the Outstanding Common Shares;
- (d) the number of Common Shares issued to Insiders, within any one year period, under all Share Compensation Arrangements, including this Plan, shall not exceed 10% of the Outstanding Common Shares; and
- (e) the value of Options granted to any one director of the Corporation who is not an officer or employee of the Corporation or its subsidiaries during a calendar year, as calculated on the date of grant, shall not exceed \$100,000.

For the purposes of this Section 4, any increase in the Outstanding Common Shares (whether as a result of the exercise of Options or otherwise) will result in an increase in the number of Common Shares that may be issued on Exercise of Options outstanding at any time and any decrease in the number of Options granted, due to the exercise of Options, will make new grants available under the Plan.

The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Plan that are cancelled, terminated or expire prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

5. Vesting

Vesting of Options shall be as to one third of the number of Options granted on the first anniversary of the date of grant and as to one third of the number of Options granted on the anniversary of the date of grant on each of the next two succeeding years thereafter. Notwithstanding the foregoing, vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a Change of Control takes place and as otherwise provided herein. Further, the Committee may accelerate or provide for the acceleration of, vesting of Options previously granted where exceptional circumstances exist as determined by the Committee and confirmed by the Board.

6. Exercise Price

The exercise price (the "**Exercise Price**") of any Option shall be fixed by the Committee when such Option is granted, provided that from and after the date that the Common Shares are listed on a stock exchange (the "**Exchange**"), such price shall not be less than the Current Market Price. For this purpose, "**Current Market Price**"

means the volume weighted average trading price of the Common Shares on the Exchange (or if the Common shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Committee for such purpose) for the five (5) trading days immediately preceding the date of the grant of Options and, for this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common shares traded for such period; or, if the Common Shares are not listed on any Exchange, a price determined by the Committee.

7. Option Terms

The period during which an Option is exercisable (the "**Exercise Period**") shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Committee at the time of grant provided that no Option may be exercised beyond seven (7) years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option shall provide that:

- (a) *Termination for Cause* – if the Optionee shall no longer be an officer of or be in the employ of, or Service Provider to, either the Corporation or a subsidiary of the Corporation, as a result of termination for cause, effective at the date on which notice is given to the Optionee of such termination, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;
- (b) *Termination not for Cause* – if the Optionee shall no longer be an officer of or be in the employ of, or Service Provider to, either the Corporation or a subsidiary of the Corporation, as a result of termination other than termination for cause, effective at the earlier of the date which is thirty (30) days following the date on which notice is given in respect of such termination and the end of the Exercise Period, all Options held by the Optionee which have not vested at such date shall terminate and become null and void, unless determined otherwise by the Committee in its sole discretion. With respect to the portion of the outstanding Options which are held by such Optionee and which have vested at the expiration of such period, unless determined otherwise by the Committee in its sole discretion, the Optionee shall have until the earlier of:
 - i. three (3) months from the date on which notice is given in respect of such termination; or
 - ii. the end of the Exercise Period; to exercise any Options which have vested as aforesaid and any vested Options which have not been so exercised shall terminate and become null and void;
- (c) *Voluntary Resignation* – if the Optionee voluntarily ceases to be an officer of or be in the employ of, or Service Provider to, either the Corporation or a subsidiary of the Corporation other than as a result of such Optionee's Disability, Retirement or death, effective at the earlier of the last day of any notice period applicable in respect of such voluntary resignation and the date on which the Optionee ceases to be a Service Provider, all Options held by the Optionee, whether vested at such date or unvested, shall terminate and become null and void;
- (d) *Disability* – if an Optionee ceases to be an officer of or be in the employ of, a Service Provider to either the Corporation or a subsidiary of the Corporation as a result of such Optionee's Disability, all Options granted to such Optionee shall not change as a result of such Optionee's Disability;

- (e) *Retirement* – if an Optionee ceases to be an officer of or be in the employ of, or a Service Provider to either the Corporation or a subsidiary of the Corporation as a result of such Optionee's Retirement, if on the date of such Optionee's Retirement, the Optionee has provided services to the Corporation or a subsidiary of the Corporation for a period of five (5) years or such other period as may be determined by the Committee, the Optionee shall only have until the earlier of:

- i. thirty-six (36) months from the date of such Optionee's Retirement or such other date as may be determined by the Committee; or
- ii. the end of the Exercise Period;

to exercise any Options which have vested at the date of exercise, and at the expiration of such period any Options which have not been exercised shall terminate and become null and void.

Furthermore, the Committee shall have the discretion, if it feels that it is appropriate, to alter the consequences of the Retirement of an Optionee on such Optionee's outstanding Options; and

- (f) *Death* – if the Optionee shall no longer be an officer of or be in the employ of, or a Service Provider to, either the Corporation or a subsidiary of the Corporation, as a result of the death of the Optionee, all Options which have not vested at such date shall immediately vest and the executor, administrator or personal representative of such Optionee shall have until the earlier of:

- i. twelve (12) months from the date of death of such Optionee; or
- ii. the end of the Exercise Period;

to exercise any outstanding Options, and at the expiration of such period, any Options which have not been exercised shall terminate and become null and void.

For the purposes of this Plan and any Options granted pursuant to this Plan, the Optionee shall be deemed to have ceased to be an employee or Service Provider of the Corporation or any subsidiary of the Corporation, as applicable, and the Optionee shall be deemed to have terminated or resigned from employment or other service arrangement with the Corporation for the purposes hereof or for the purposes of any Option issued pursuant to the terms hereof on the first to occur of such termination or resignation or the date (as determined by the Committee) that the Optionee ceases in the active performance of all of the regular duties of the Optionee's job, which includes the carrying on of all of the usual and customary day-to-day duties of the job for the normal and scheduled number of hours in each working day, or the Optionee ceases to provide services pursuant to the services arrangement, as applicable; the foregoing to apply whether or not adequate or proper notice of termination shall have been provided by and to the Corporation in respect of such termination of employment or other service arrangement.

The Plan does not confer upon an Optionee any right with respect to continuation of employment by the Corporation or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Corporation or a subsidiary thereof to terminate the Optionee's employment or service provision at any time.

If the normal expiry date of any Options fall within any Blackout Period or within ten (10) business days following the end of any Blackout Period ("**Blackout Options**"), then the Expiry Date of such Blackout Options shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 15(d).

8. Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased.

9. Cashless Exercise

Subject to the provisions of the Plan, if permitted by the Board, an Optionee may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by multiplying the number of Common Shares which the Optionee is entitled to purchase pursuant to the Options being surrendered by a fraction of which the numerator is the difference between the Current Market Price (calculated as at the date of exercise) and the exercise price of such Option and of which the denominator is the Current Market Price (calculated as at the date of exercise). An Option may be exercised pursuant to this Section 9 from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Optionee has elected to a cashless exercise of such Option and the number of Options to be exercised. The Corporation will not be required, upon the exercise of any Options pursuant to this Section 9, to issue fractions of Common Shares, there will be paid to the Optionee by the Corporation upon the exercise of such Options pursuant to this Section 9 within ten (10) business days after the exercise date, an amount in lawful money of Canada to the then fair market value of such fractional interest (as determined by the Board), provided that the Corporation will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for future issuance under the Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

10. Mergers, Amalgamation and Sale

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 10, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof. Alternatively, and in lieu of making such provision, in the event of such merger, amalgamation or sale, the Corporation may satisfy any obligations to an Optionee by paying to the Optionee, in cash, the difference between the Exercise Price of all unexercised Options held by the Optionee and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised Options. Adjustments under this section or any determinations as to fair market value of any securities shall be made by the Committee, and any reasonable determination made by the Committee shall be binding and conclusive.

11. Acceleration of Vesting and Termination of Option in the Event of Take-Over Bid

In the event of a Take-Over Bid, Optionees shall have the right to exercise Options granted hereunder to purchase all of the Common Shares which have not been previously purchased under such Options, but any such Common Shares not otherwise vested and exercisable may only be purchased for tender pursuant to such Take-Over Bid. If for any reason such Common Shares are not so tendered or, if tendered, are not for any reason taken up and paid for by the offeree pursuant to such Take-Over Bid, any such Common Shares so purchased by an Optionee shall be and be deemed to be cancelled and returned to treasury of the Corporation, shall be added back to the number of Common Shares, if any, remaining unexercised under the applicable Option and, upon presentation to the Corporation of share certificates representing such shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Optionee all consideration paid on the exercise thereof. In the event a Take-Over Bid is made and Common Shares are taken up and paid for pursuant to such Take-Over Bid, the Corporation shall have the right to satisfy any obligations to an Optionee in respect of any Options not exercised by paying to the Optionee, in cash, the difference between the Exercise Price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value shall be conclusively made by the Committee. Upon payment as aforesaid, the Options shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

12. Alterations in Shares

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common Shares granted or the Corporation shall pay a dividend (other than in the ordinary course) upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, securities or other assets, or other relevant changes in the share capital of the Corporation, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision, stock dividend or other change shall be proportionately adjusted (including as to the number of Common Shares subject to the Option and the exercise price thereof, as applicable) so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of shares, securities or other property of the Corporation he or she would have held following such consolidation, subdivision, stock dividend or other change if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision, stock dividend or other change. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

For greater certainty, and anything in this Section 12 to the contrary notwithstanding, no adjustment shall be made in accordance with this Section 12 with respect to the issue of Common Shares being made pursuant to or in connection with:

- (a) any stock option plan or stock purchase plan, including this Plan, in force from time to time for existing or proposed officers, directors, employees or Service Providers of the Corporation; or
- (b) the issuance of additional Common Shares pursuant to a public offering or private placement by the Corporation or a take-over bid made by the Corporation for the securities of another entity.

13. Option Agreements

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Committee, all in accordance with the

provisions of this Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen and the rules of any regulatory body having jurisdiction over the Corporation.

14. Regulatory Authorities Approvals

The Plan and the Corporation's obligation to issue and deliver Common Shares under any Option shall be subject to the approval, if required, of any Exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval, if required, shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

15. Amendment or Discontinuance of the Plan

Subject to the restrictions set out in this Section 15 the Committee may amend or discontinue the Plan and Options granted thereunder at any time without shareholder approval, provided any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. Without the prior approval of the shareholders, or such approval as may be required by the Exchange, the Committee may not:

- (a) make any amendment to the Plan to increase the Common Share Maximum;
- (b) reduce the exercise price of any outstanding Options;
- (c) cancel an Option and subsequently issue the holder of such Option a new Option or other entitlements in replacement thereof;
- (d) extend the term of any outstanding Option beyond the original expiry date of such Option;
- (e) make an amendment to increase the maximum limit on the number of securities that may be issued to Insiders;
- (f) make an amendment to increase the value of Options issuable to directors who are not officers or employees of the Corporation or its subsidiaries under Share Compensation Arrangements in Section 4(e);
- (g) make any amendment to the Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or
- (h) make an amendment to amend this Section 15.

The Committee may amend or terminate the Plan or any outstanding Option granted hereunder at any time without the approval of the Corporation, the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform the Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant stock exchange or regulatory authority, whether or not that amendment or termination would affect any accrued rights, subject to the approval of that stock exchange or regulatory authority.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Plan.

16. Common Shares Duly Issued

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully-paid and non-assessable upon receipt by the Corporation of the Exercise Price therefor in accordance with the terms of the Option and the issuance of Common Shares thereunder will not require a resolution or approval of the Board.

17. Options to Companies

The provisions herein in respect of the grant of Options shall apply, with appropriate modifications, to the grant of Options to a company either: (i) wholly-owned by any person whom Options may otherwise be granted hereunder; or (ii) controlled by any person to whom Options may otherwise be granted hereunder (and the shares of which are held directly or indirectly by any such person and such person's spouse, minor children and/or minor grandchildren), subject to any requirements of any applicable regulatory authority having jurisdiction, including any Exchange.

18. No Effect on Employment or Retainer

Participation in the Plan by an Optionee is entirely voluntary and does not affect the Optionee's employment or continued retainer by, or other engagement with, the Corporation. Neither this Plan nor the granting to an Optionee of an Option hereunder of itself gives such Optionee any right to continue to be a director, officer, employee or Service Provider of the Corporation. None of the terms and conditions governing an Option shall be affected by any change in the terms of the Optionee's employment or by engagement with the Corporation so long as the Optionee continues to hold Options. The terms of this Plan or any option agreement shall not affect in any manner whatsoever the terms or validity of any employment or other services agreement to which the Corporation is a party.

19. Optionee's Rights

An Optionee shall not have any rights as a shareholder of the Corporation by virtue of their status as an Optionee until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

20. Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right (and the Optionee consents) to the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise, owing by the Corporation to such Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledged and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares. Any reference in this Plan to the issuance of Common Shares or a payment of cash is expressly subject to this Section 20.

21. No Guarantees Regarding Tax Treatment

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Option under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of an Option or payments made under the Plan and none of the Corporation, nor any of its employees or representatives, shall have any liability to an Optionee with respect thereto.

22. Decisions Final and Binding

All decisions and interpretations by the Committee respecting this Plan or Options granted hereunder, including decisions as to adjustments in the number of Common Shares to be received upon exercise of an Option or the exercise price thereof in accordance with Section 12 shall be final and binding on the Corporation and all Optionees and their respective successors.

23. Applicable Law

The Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

24. Effective Date

This Plan is effective from October 27, 2008, as amended, from time to time in accordance with the provisions of this Plan.

25. Amendment Date

As amended November 14, 2016.

SCHEDULE D NEW BY-LAWS

**GENERAL BY-LAW
AMENDED AND RESTATED BY-LAW NO. 1**
A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF
TOURMALINE OIL CORP.
(hereinafter called the "**Corporation**")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

DIVISION ONE

INTERPRETATION

1.01 **In the by-laws of the Corporation, unless the context otherwise specifies or requires:**

- (a) "Act" means the Business Corporations Act of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- (b) "appoint" includes "elect" and vice versa;
- (c) "articles" means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
- (d) "board" or "board of directors" means the board of directors of the Corporation;
- (e) "business day" means a day which is not a non-business day;
- (f) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (g) "meeting of shareholders" includes an annual and a special meeting of shareholders;
- (h) "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in The Interpretation Act of Alberta;
- (i) "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- (j) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and
- (k) "special meeting of shareholders" means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

DIVISION TWO

BANKING AND SECURITIES

2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

DIVISION THREE

EXECUTION OF INSTRUMENTS

3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

DIVISION FOUR

DIRECTORS

4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the board.

4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

4.03 Removal of Directors

Subject to the Act and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

4.04 Consent

A person who is elected or appointed a director is not a director unless:

- (a) he was present at the meeting when he was elected or appointed and did not refuse to act as a director, or
- (b) if he was not present at the meeting when he was elected or appointed:
 - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or

- ii. he has acted as a director pursuant to the election or appointment.

4.05 **Vacation of Office**

A director of the Corporation ceases to hold office when:

- (a) he dies or resigns;
- (b) he is removed in accordance with section 109 of the Act; or
- (c) he becomes disqualified under subsection 105(1) of the Act.

4.06 **Committee of Directors**

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.07 **Transaction of Business of Committee**

Subject to the provisions of this by-law with respect to participation in a meeting, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.08 **Procedure**

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.09 **Remuneration and Expenses**

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.10 **Vacancies**

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.11 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage or supervise the management of the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

4.12 Nomination

Only persons who are nominated in accordance with the procedures set out in this by-law shall be eligible for election as directors to the board of directors. Nominations of persons for election to the board of directors may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board of directors, as follows:

- (a) by or at the direction of the board of directors or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of shareholders made in accordance with the provisions of the Act; or
- (c) by any person entitled to vote at such meeting (a "Nominating Shareholder"), who: (i) is, at the close of business on the date of giving notice provided for in this by-law and on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) has given timely notice in proper written form as set forth in this by-law.

For the avoidance of doubt, the foregoing paragraph shall be the exclusive means for any person to bring nominations for election to the board of directors before any annual or special meeting of shareholders of the Corporation.

In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with this bylaw) and in proper written form (in accordance with this by-law) to the Secretary of the Corporation at the head office of the Corporation.

For a nomination made by a Nominating Shareholder to be timely notice (a "**Timely Notice**"), the Nominating Shareholder's notice must be received by the Secretary of the Corporation:

- (a) in the case of an annual meeting of shareholders, not later than close of business on the 30th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors, not later than the close of business on the

15th day following the day on which the first public announcement of the date of the special meeting is made by the Corporation.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of a Timely Notice.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must:

- (a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "Proposed Nominee"):
 - i. such Proposed Nominee's name, age, business and residential address, principal occupation or employment for the past five years, status as a "resident Canadian" (as such term is defined in the Act);
 - ii. such Proposed Nominee's direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
 - iii. any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee and the Nominating Shareholder;
 - iv. such Proposed Nominee's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected;
 - v. any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or Applicable Securities Laws; and
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice:
 - i. such Nominating Shareholder's name, business and residential address and direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
 - ii. such Nominating Shareholder's interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
 - iii. any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
 - iv. any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with

such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;

- v. a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
- vi. any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by Applicable Securities Laws.

A Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct in all material respects as of the date that is ten business days prior to the date of the meeting, or any adjournment or postponement thereof.

For purposes of this section 4.12:

- (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

Notwithstanding any other provisions of this by-law, any notice, or other document or information required to be given to the Secretary pursuant to this section 4.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for the purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

Despite any other provision of this by-law, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear at the meeting of shareholders of the Corporation to present the nomination of the Proposed Nominee, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

The Board may, in its sole discretion, waive any requirement of this section 4.12.

DIVISION FIVE

MEETING OF DIRECTORS

5.01 **Place of Meeting**

Meetings of the board may be held at any place within or outside Alberta.

5.02 **Notice of Meeting**

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, electronic means in accordance with the provisions of the *Electronic Transactions Act*, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor;
- (c) appoint additional directors;
- (d) issue securities, except in the manner and on the terms authorized by the board;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- (g) pay a commission for the sale of shares;
- (h) approve a management proxy circular;
- (i) approve any financial statements to be placed before the shareholders at an annual meeting; or
- (j) adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 **Adjourned Meeting**

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 One-Quarter Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least one-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than one-quarter of the directors present are resident Canadians if:

- (a) a resident Canadian director who is unable to be present approves in writing or by electronic means, telephone or other communications facilities the business transacted at the meeting; and
- (b) the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes. In the event of any equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

5.10 **Participation in Meeting**

A director may participate in a meeting of the board or a committee of the board by electronic means, telephone, or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 **Resolution in Lieu of Meeting**

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 **Amendments to the Act**

It is hereby affirmed that the intention of sections 4.06, 5.08 and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

DIVISION SIX

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 **Conflict of Interest**

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract or transaction or proposed contract or transaction at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director or officer shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- (a) in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or

- (b) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

DIVISION SEVEN

OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 **Secretary**

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 **Treasurer**

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 **General Manager or Manager**

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 **Powers and Duties of Other Officers**

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 **Variation of Powers and Duties**

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 **Vacancies**

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 **Remuneration and Removal**

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the

board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

DIVISION EIGHT

SHAREHOLDERS' MEETINGS

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of or to vote at the meeting. If no record date is fixed, the record date for the determination of the shareholders

entitled to receive notice of or to vote at the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by electronic means in accordance with the *Electronic Transactions Act*, or by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder in accordance with section 137 of the Act. If a record date for the meeting is fixed pursuant to section 8.04 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 **Meetings Without Notice**

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 **Waiver of Notice**

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 **Chairman, Secretary and Scrutineers**

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 **Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 **Quorum**

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than twenty-five (25%) per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 **Participation in Meeting**

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting. Subject to the Act, any person participating in a meeting pursuant to this section and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

8.14 **Proxyholders and Representatives**

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 **Time for Deposit of Proxies**

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 **Joint Shareholders**

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholder may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 **Votes to Govern**

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast. In the event of an equality of votes at any meeting of shareholders, the chairman shall not have a second or casting vote.

8.18 **Conduct of Vote**

Subject to the Act, voting at a meeting of shareholders shall be by a show of hands, unless a ballot is required or demanded as hereinafter provided, and may be held, subject to the Act, entirely by electronic means, telephone or other communication facility, if the corporation makes such a communication facility available. Every person who is present or otherwise participating in the meeting pursuant to section 8.13 hereof and entitled to vote shall have one vote. Whenever a vote shall have been taken upon a question, unless a ballot thereon is so required or demanded, a

declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

DIVISION NINE

SHARES

9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

DIVISION TEN

TRANSFER OF SECURITIES

10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- (a) the share is endorsed by an appropriate person, as defined in section 64 of the Act;
- (b) reasonable assurance is given that the endorsement is genuine and effective;
- (c) the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- (d) any applicable law relating to the collection of taxes has been complied with;

- (e) the transfer is rightful or is to a bona fide purchaser; and
- (f) the transfer fee, if any, has been paid.

10.02 **Transfer Agents and Registrar**

The board may from time to time by resolution appoint or remove one or more trust companies registered under the Trust Companies Act as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 **Securities Registers**

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- (b) the number of shares or other securities held by each holder; and
- (c) the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 **Deceased Shareholders**

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

DIVISION ELEVEN

DIVIDENDS AND RIGHTS

11.01 **Dividends**

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 **Dividend Cheques**

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder

at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

DIVISION TWELVE

INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

DIVISION THIRTEEN

NOTICES

13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholders or director of the Corporation may be sent by electronic means in accordance with the provisions of the Electronic Transactions Act, or by prepaid mail addressed to, or may be delivered personally to:

- (a) the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- (b) the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholder or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholders or director did not receive the notice or document at the time or at all.

13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on two (2) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

DIVISION FOURTEEN

MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates. The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

MADE by the Board the 24th day of April, 2017.

“Michael L. Rose”

Michael L. Rose, President and Chairman of the Board

CONFIRMED by the Shareholders in accordance with the *Business Corporations Act* (Alberta), the • day of •, 2017.

President

Any questions and requests for assistance may be directed to our
Strategic Advisor and
Proxy Solicitation Agent:



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