



**NOTICE OF ANNUAL MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
AND  
PROXY STATEMENT  
DATED  
SEPTEMBER 13, 2022**

**WITH RESPECT TO THE  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
OCTOBER 18, 2022**

# NIKO RESOURCES LTD.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the Annual Meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Common Shares**") of Niko Resources Ltd. (the "**Company**", the "**Corporation**", or "**Niko**") will be held in the **15th Floor Boardroom at Bow Valley Square II, 205, 5th Avenue S.W., Calgary, Alberta** on **Tuesday, October 18, 2022 at 3:00 p.m.** (Mountain Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the fiscal year ended March 31, 2022 and the auditor's report on those statements;
2. to fix the number of directors to be elected at the meeting at four (4);
3. to elect directors of the Company for the ensuing year;
4. to appoint KPMG LLP, as auditors of the Company for the ensuing year at such remuneration as may be determined by the board of directors of the Company;
5. to transact such further and other business as may properly come before the Meeting or any adjournment(s) thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the accompanying Management Information Circular.

Only Shareholders of record at the close of business on September 13, 2022 are entitled to receive notice of and to attend, and to vote at, the Meeting, except that a transferee of Common Shares after such record date may, not later than ten (10) days before the Meeting, establish a right to vote by providing evidence of the ownership of Common Shares and make a request to Computershare Trust Company of Canada that his or her name be placed on the Shareholder list for the Meeting.

**A Shareholder may attend the Meeting and vote in person or may be presented by proxy. A form of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice. Shareholders are requested to date, sign and return the enclosed Instrument of Proxy to the Company's transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Alternatively, registered Shareholders and non-objecting beneficial owners of Common Shares may vote using the internet at the website [www.investorvote.com](http://www.investorvote.com). A proxy will not be valid unless it is received by Computershare Trust Company of Canada no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.**

**COVID-19 NOTICE:** Restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. These measures may include requiring registered shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Canada for a period of two weeks preceding the Meeting date. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or that admission to the Meeting would otherwise breach public health restrictions. In addition, any attendees will be required to practice social distancing at the Meeting.

Dated at the City of Calgary, in the Province of Alberta, this 13<sup>th</sup> day of September, 2022.

### BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Glen R. Valk"

Glen R. Valk

Chief Financial Officer, Vice President, Finance, and Corporate Secretary

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# GENERAL PROXY INFORMATION

## General

In this Management Information Circular and Proxy Statement ("**Information Circular**"), unless otherwise noted, all dollar amounts are expressed in US Dollars. Information contained in this Information Circular is given as of September 13, 2022 unless otherwise stated. The corporate office of the Company is located at 1500, 205 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2V7.

## Solicitation of Proxies

This Information Circular is being furnished in connection with the solicitation of proxies by the management of Niko Resources Ltd. ("**Niko**" or the "**Company**") for use at the Annual Meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Common Shares**") in the capital of the Company to be held in the **15th Floor Boardroom at Bow Valley Square II, 205 5th Avenue S.W., Calgary, Alberta, T2P 3V7** on **Tuesday, October 18, 2022 at 3:00 p.m.** (Mountain Standard Time) and any adjournment(s) thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular (the "**Notice**").

Accompanying this Information Circular (and filed with applicable securities regulatory authorities) is the form of Proxy ("**Instrument of Proxy**") for use by Shareholders at the Meeting.

Proxies will be solicited by mail and may also be solicited personally, or by telephone or any form of electronic communication by directors or officers of Niko, who will not be specifically remunerated therefore. The cost of solicitation by management of Niko will be borne by Niko. Niko will pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of Niko (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and Instruments of Proxy to the beneficial owners of such securities. Niko will provide, without cost to such persons, upon request to Niko, additional copies of the foregoing documents required for this purpose.

## COVID-19 Notice

Restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. These measures may include requiring registered shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like symptoms, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Canada for a period of two weeks preceding the Meeting date. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or that admission to the Meeting would otherwise breach public health restrictions. In addition, any attendees will be required to practice social distancing at the Meeting.

## Appointment of Proxies

Shareholders who wish to be represented at the Meeting by proxy must complete and deliver the Instrument of Proxy to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"):

Computershare Trust Company of Canada  
Proxy Department  
8<sup>th</sup> Floor, 100 University Avenue  
Toronto, Ontario, M5J 2Y1  
Toll Free: 1 (800) 564-6253  
Fax: 1 (866) 249-7775

In order to be valid, the Instrument of Proxy must be received by Computershare no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

Shareholders are entitled to vote on all matters as described in the Instrument of Proxy. Each Shareholder has the right to appoint a person (who need not be a Shareholder), other than the persons designated by the Instrument of Proxy furnished by the Company, to represent such Shareholder at the Meeting. To exercise this right, a Shareholder may do so either by striking out the names provided and inserting such person's name in the blank space provided in the Instrument of Proxy or by completing another Instrument of Proxy to replace a previously submitted Instrument of Proxy and, in either case, delivering the completed proxy to the office of Computershare at the address referred to above within the time specified above for the deposit of proxies.

## Revocation of Proxies

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has submitted a proxy attends personally at the Meeting at which such proxy is 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: (a) the Shareholder signing another proxy bearing a later date than the first proxy and delivering such subsequent proxy to Computershare at the address referred to above and within the time specified above for the deposit of proxies; or (b) an instrument in writing by such Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and deposited either with Computershare at the address referred to above or with the Chairman of the Meeting at any time prior to the Meeting or any adjournment thereof.

## Signature of Proxy

The Instrument of Proxy as well as any instrument revoking the same shall be executed by the Shareholder or his attorney authorized in writing, or if a Shareholder is a corporation, the proxy or other instrument should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. Such proxy or other instrument signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his or her signature and should be accompanied by the appropriate documentation evidencing qualification and authority to act (unless such documentation has been previously filed with the Company).

## Voting of Proxies

Registered Shareholders and non-objecting beneficial owners of Common Shares may vote using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone via the toll free number found on the front of the Instrument of Proxy to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the website or phone, as they will be prompted to enter their control number, which is located on the Instrument of Proxy. If such Shareholders vote using the website, their votes must be received not later than 3:00 p.m. (Mountain Daylight time) on October 14, 2022 or forty-eight (48) hours prior to the time of any adjournment of the Meeting. **The website or toll free number may be used to appoint a proxyholder to attend and vote on such a Shareholder's behalf at the Meeting and to convey such a Shareholder's voting instructions. Please note that if such a Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, the Shareholder may resubmit its proxy and/or voting direction prior to the deadline noted above. The most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

## Exercise of Discretion by Proxies

The persons named in the Instrument of Proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. In the absence of such direction, such Common Shares will be voted "**FOR**" fixing the number of directors to be elected at the Meeting at four (4), and "**FOR**" the election of nominees hereinafter set forth as directors of the Company for the ensuing year, "**FOR**" the appointment of KPMG LLP as auditors of the Company. **The enclosed Instrument of Proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations in the matters outlined in the accompanying Notice of Meeting or any other business which may properly come before the Meeting. The management of the Company knows of no such amendments, variations or other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the management of the Company should properly come before the Meeting, the Instrument of Proxy given pursuant to the solicitation by management of the Company will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

## Voting Shares

As at the date hereof, the Company had 94,049,967 Common Shares issued and outstanding and one (1) Preferred Share issued and outstanding. Each Common Share carries the right to one vote at the Meeting. Only persons registered as holders of Common Shares as of the close of business on September 13, 2022 (the "**Record Date**") are entitled to receive notice of and to vote at the Meeting, except if (a) the holder has transferred the ownership of any of his or her Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his or her name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting.

A quorum of Shareholders is present at a meeting of Shareholders if at least two (2) persons are present holding or representing not less than ten (10) percent of the Common Shares entitled to be voted at the Meeting.

## Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the 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 The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common 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, brokers/nominees are prohibited from voting for their clients. The directors and officers of the Company do not know for whose benefit the Common Shares registered in the name of CDS & Co. or of other brokers/agents are held.

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 Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails voting instruction forms ("**VIFs**") to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF cannot use that VIF to vote Common Shares directly at the Meeting, the VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Management does not intend to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 the proxy-related materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary, and that in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

## Interest of Certain Persons in Matters to be Acted Upon

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial interest or otherwise, of any director or executive officer of the Company, any proposed nominee for election as a director of the Company or any associate or affiliate of the foregoing in any matter to be acted upon at the Meeting other than the election of directors.

## Principal Holders of Common Shares

As of the date of this Information Circular, the directors and executive officers of the Company are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than ten (10) percent of the voting rights attached to any class of outstanding voting securities of the Company.

# MATTERS TO BE ACTED UPON AT THE MEETING

## 1. Consolidated Financial Statements

A copy of the recent annual report for the year ended March 31, 2022, including the audited consolidated financial statements and Management's Discussion and Analysis will be placed before the Shareholders at the Meeting. No vote by Shareholders with respect to this matter is required. Under National Instrument 51-102, Continuous Disclosure Obligations (the "**Instrument**"), the Company is no longer required to send annual or interim financial statements or the Management's Discussion and Analysis relating thereto to its registered and beneficial Shareholders unless they request copies of same. However, the *Business Corporations Act* (Alberta) ("**ABCA**") requires that the annual financial statements be sent to each registered Shareholder unless waived in writing by the registered Shareholder. The Instrument also provides that the Company must send annually a request form to its registered and beneficial Shareholders that may be used by such shareholders to request any or all of the annual and interim financial statements and the Management's Discussion and Analysis relating thereto. Shareholders are encouraged to review and, if action is desired, send the enclosed return cards to Computershare Trust Company of Canada, Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Copies of the annual and interim financial statements and the Management's Discussion and Analysis relating thereto can also be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

## 2. Fixing the Number of Directors

The Articles of the Company require that the number of directors on the board of directors of the Company must consist of not less than three (3) and not more than twelve (12) directors. It is proposed that, at the Meeting, the Shareholders fix the number of directors to be elected at the Meeting at four (4).

At the Meeting, the Shareholders will be asked to consider and, if thought appropriate, to pass the following resolution:

**"BE IT RESOLVED THAT** the number of directors of Niko Resources Ltd. to be elected be and is hereby fixed at four (4)."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution fixing the number of directors to be elected at four (4).** In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the resolutions as set out above.

## 3. Election of Directors

The Board currently consists of four (4) directors and the term for each of the present directors expires immediately following the Meeting. The four (4) persons named below will be presented for election at the Meeting as management's nominees. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting or if additional nominees should be presented, the persons named in the enclosed form of proxy reserve the right to vote for another nominee or nominees in their discretion. Each director elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed pursuant to the Company's by-laws, unless the director's office is earlier vacated.

On July 18, 2016, Niko amended its articles to create a series of preferred shares designated as the Series I Preferred Shares. One (1) Series I Preferred Share was issued to the Agent on behalf of the lenders to the Term Loan Facilities.

The consent of the holder of the outstanding Series I Preferred Share is required prior to: (a) altering, changing or amending the preferences, privileges or rights of the preferred shares; (b) increasing or decreasing the authorized number of directors constituting the Board; (c) amending the Company's articles or bylaws, to the extent that any such amendment adversely affects the preferred shares; or (d) authorizing, creating and/or issuing any new senior or pari passu class or series of securities of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the holder of the Series I Preferred Share shall be entitled to receive a \$1.00 distribution of capital in priority to the holders of common shares. The holder of the Series I Preferred Share is entitled to receive an annual preferential cumulative dividend, when, as and if declared by the Board, at the rate of 0.00001 percent per annum on the redemption price of the Series I Preferred Share. Upon the occurrence of the earlier of: (a) December 31, 2025; and (b) the date by which the Company's interests in certain oil and gas assets located in India and Bangladesh are disposed of and distribution of the related proceeds is completed, all voting rights attached to the Series I Preferred Share shall expire and the Series I Preferred Share shall become redeemable.

The holder of the Series I Preferred Share, acting as a separate class, is also entitled to nominate up to 2 (two) directors for the slate of directors to be put forward by the Company's management at any meeting of the Shareholders where the directors of the Company are to be elected. The holder of the Series I Preferred Share has nominated one director, Mr. Frederic F. (Jake) Brace, as a nominee. The failure of the nominee of the holder of the Series I Preferred Share to be elected to the Board would constitute a breach of covenant of the Company under the Fourth Amendment of the Term Loan Facilities, which if not remedied, on a timely basis, would lead to an event of default, giving the Agent and the Lenders the right to appoint a receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers (a "Receiver") to replace management of the Company and the Guarantors for the purposes of directing the operation of the business of the Company and the Guarantors for the remaining term of the Facilities Agreement. The Receiver would be bound by the terms of the Fourth Amendment.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution electing the nominees presented below.** In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the resolution.

## Majority Voting

The Board has adopted a policy (the “**Majority Voting Policy**”) for the election of directors. Under the Majority Voting Policy, in the event that any nominee for election, receives more “withheld” votes than “for” votes at any meeting at which Shareholders vote on the uncontested election of directors, the nominee shall forthwith submit his or her resignation to take effect immediately upon acceptance by the Board. It is anticipated that any decisions necessitated in the circumstances outlined in the preceding sentence will be made within ninety (90) days, and the Board may fill any vacancy created thereby. The Majority Voting Policy does not apply in circumstances involving contested director elections. The full text of the Majority Voting Policy is attached hereto as **Appendix C**.

## Advance Notice

The Corporation’s by-laws require advance notice for nomination of directors for consideration at a shareholders meeting. Any notices of director nominations must be submitted to the Corporate Secretary no later than 30 days and not more than 65 days prior to the date of an annual meeting. The notice must include certain information about the proposed director nominee(s) (including name, age, residency, citizenship and principal occupation) and the nominating shareholder. Only those director nominees that comply with applicable requirements set out in the Corporation’s by-laws will be eligible for election as directors of the Corporation. The full text of the Advance Notice Bylaw is attached hereto as **Appendix D**. Information on how to contact the Corporate Secretary is provided on page 20 of this Information Circular.

## Nominees for Election to the Board

**Frederic F. (Jake) Brace**

**Glenn R. Carley**

**William T. Hornaday**

**E. Alan Knowles**

The following tables sets forth, for each nominee, their name, province or state and country of residence, committee memberships and attendance, positions and offices with Niko now held by them, period during which they have served as a director, other public company board memberships, public board interlocks, a brief biography including their principal occupation for the last five (5) years, areas of expertise, and the number and percentage of Common Shares beneficially owned, controlled or directed by them, directly or indirectly as at March 31, 2022.



Mr. Brace has over 30 years of experience in strategy, finance, restructuring and transformation for numerous industries including airlines, health care, retail, E&P, electrical production, hospitality and real estate. He was formerly the President and CEO of Laser Spine Institute and, before that, Midstates Petroleum. Previous to those positions, Mr. Brace served as President of the Company in 2014, Chief Administrative Officer of The Great Atlantic and Pacific Tea Co., and Chief Financial Officer of UAL Corporation. Mr. Brace currently sits on the board of several private companies. He was previously on the boards of various public and private companies including Anixter International, Midstates Petroleum, RLH Corporation, iHeartMedia, Sequa, GenOn Energy, Standard Register, Edison Mission Energy, Bally Total Fitness, Neff Rental, Sirva, Galileo International, Bearing Point and Nine Point Energy among others.

Mr. Brace served as advisor to the Board of the Company from February 2017 to October 2019. Mr. Brace previously served as a director of the Board of the Company from July 2016 to February 2017.

Mr. Brace is a director nominee of the holder of the Series I Preferred Share.

### Frederic F. (Jake) Brace

Age: 64  
Aspen, CO, USA  
Director since October 2019  
Independent

#### Areas of Expertise

Enterprise Management  
Business Development /  
Strategic Planning  
Financial Literacy  
Corporate Governance  
Change Management  
Oil and Gas Operations  
Health, Safety and Environment  
Management  
Financial Expertise  
Global Experience  
Risk Evaluation

Board/Committee Membership during Fiscal 2022		Attendance at Meetings during Fiscal 2022			
Board	Member	3 of 4		75%	
Audit	Member	3 of 4		75%	
Other Public Company Board Memberships		Public Board Interlocks			
None		None			
Securities Held					
Common Shares		Percentage	Total Market Value of Common Shares		
-		-	-		
Stock Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options	
-	-	-	-	-	
Voting Results of 2021 Annual Meeting of Shareholders					
Votes For		Votes Withheld		Total Votes Cast	
10,590,473	97.09%	317,311	2.91%	10,907,784	100%



Mr. Carley is the President of Selinger Capital Inc., a private investment company, for more than the last five (5) years. Mr. Carley previously served as Chairman of Painted Pony Energy Ltd. and of Marquee Energy Ltd. Mr. Carley has an ICD.D. designation from the Institute of Corporate Directors. He holds a Masters of Business Administration degree, a Juris Doctor degree and a Bachelor of Arts degree, all from the University of Saskatchewan. Mr. Carley is a member of the Law Society of Alberta and the Law Society of Saskatchewan.

## Glenn R. Carley

Age: 69  
 Calgary, AB, Canada  
 Director since September 2016  
 Independent

### Areas of Expertise

Enterprise Management  
 Business Development /  
 Strategic Planning  
 Financial Literacy  
 Corporate Governance  
 Change Management  
 Global Experience  
 Human Resources  
 Risk Evaluation

Board / Committee Membership during Fiscal 2022		Attendance at Meetings during Fiscal 2022		
Board	Member	4 of 4		100%
Audit	Member	4 of 4		100%
Other Public Company Board Memberships		Public Board Interlocks		
None		None		
Securities Held				
Common Shares	Percentage	Total Market Value of Common Shares		
-	-	-		
Stock Options Held				
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options
-	-	-	-	-
Voting Results of 2021 Annual Meeting of Shareholders				
Votes For		Votes Withheld		Total Votes Cast
10,600,073	97.18%	307,711	2.82%	10,907,784 100%



Mr. Hornaday has been the Chief Executive of the Company since December 2016. Prior to, Mr. Hornaday was the Chief Operating Officer of the Company since 2005. He has worked in the energy business in North America, South and Southeast Asia, Australia, Trinidad, Middle East and South America. Mr. Hornaday has extensive experience in all aspects of operations including project management, production, facilities, drilling and business development. Mr. Hornaday is a professional engineer with over forty-five (45) years of industry experience, holds an ICD.D designation from the Institute of Corporate Directors and is also a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He holds a Bachelor of Science in Mechanical Engineering from the University of Calgary.

### William T. Hornaday

Age: 67  
 Calgary, AB, Canada  
 Director since August 2007  
 Not Independent  
 (Chief Executive Officer)

#### Areas of Expertise

Enterprise Management  
 Business Development /  
 Strategic Planning  
 Financial Literacy  
 Corporate Governance  
 Oil and Gas Operations  
 Health, Safety & Environment  
 Management  
 Global Experience  
 Reserves Evaluation  
 Risk Evaluation

Board / Committee Membership during Fiscal 2022		Attendance at Meetings during Fiscal 2022		
Board	Member	4 of 4	100%	
Other Public Company Board Memberships		Public Board Interlocks		
None		None		
Securities Held				
Common Shares	Percentage	Total Market Value of Common Shares <sup>(1)</sup>		
104,867	0.11%	-		
Stock Options Held				
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options
-	-	-	-	-
Voting Results of 2021 Annual Meeting of Shareholders				
Votes For		Votes Withheld		Total Votes Cast
10,599,423	97.17%	308,361	2.83%	10,907,784



Mr. Knowles has eighteen (18) years' experience as an oil and gas analyst including at Haywood Securities Inc. from 2000 to 2014 where he covered various senior, intermediate and international oil and gas companies. Mr. Knowles was the interim CEO of Orca Exploration Group Inc. from July to November 2018 and a director of Orca Exploration Group Inc. from June 2016 to July 2018. Prior to his career as an oil and gas analyst, Mr. Knowles held several senior management positions in Canadian oil and gas companies, most recently as Vice-President Finance and Chief Financial Officer of a junior oil and gas company. Mr. Knowles holds a Bachelor of Commerce from the University of Calgary and holds Chartered Financial Analyst (CFA) and Chartered Professional Accountant (CPA) designations. He is a member of the Institute of Corporate Directors.

### E. Alan Knowles

Age: 69  
 Calgary, AB, Canada  
 Director since September 2014  
 Independent

#### Areas of Expertise

Business Development /  
 Strategic Planning  
 Financial Literacy  
 Corporate Governance  
 Change Management  
 Oil and Gas Operations  
 Health, Safety and Environment  
 Management  
 Financial Expertise  
 Global Experience  
 Human Resources  
 Reserves Evaluation  
 Risk Evaluation

Board / Committee Membership during Fiscal 2022		Attendance at Meetings during Fiscal 2022			
Board	Member	4 of 4	100%		
Audit	Chair	4 of 4	100%		
Other Public Company Board Memberships		Public Board Interlocks			
None		None			
Securities Held			Total Market Value of Common Shares		
Common Shares	Percentage				
-	-	-	-		
Stock Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options	
-	-	-	-	-	
Voting Results of 2021 Annual Meeting of Shareholders					
Votes For		Votes Withheld		Total Votes Cast	
10,323,919	94.65%	583,865	5.35%	10,907,784	100%

Notes:

(1) As of the close of business on March 13, 2019, the Company's shares were delisted from the Toronto Stock Exchange.

## Orders

No proposed director is, as at the date hereof, or has been within ten (10) years before the date hereof: (a) a director, chief executive officer or chief financial officer of any company (including Niko), that (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days.

## Bankruptcies

Except for Mr. Brace, no proposed director of the Company is, as at the date hereof, or has been within the ten (10) years before the date hereof, a director or executive officer of any company (including Niko) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

Mr. Brace was either a director or executive officer of the following companies within the last ten (10) years that became bankrupt or insolvent.

<b>Company</b>	<b>Type</b>	<b>Year</b>	<b>Role</b>
Edison Mission Energy	Private	2012	Director
Standard Register	Public	2015	Director
Midstates Petroleum	Public	2016	Director / Officer
GenOn Energy	Private	2017	Director
Various M&G entities	Private	2017-2019	Director
iHeartMedia	Public	2018	Director
Philadelphia Energy Solutions	Private	2018 / 2019	Director
Laser Spine Institute	Private	2019	Officer
Nine Point Energy	Private	2021	Director

Mr. Brace is not subject to any sanctions or penalties in this respect.

## Penalties and Sanctions

No proposed director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## Director Candidates

While the Board does not have a formal written policy on diversity, it recognizes the importance of diversity of experience, education, ethnicity and gender, as part of its overall evaluation of director positions. Board nominations and appointments of directors and officers are assessed based upon the merits of the candidates and board requirements. The Board is mindful of the benefits of diversity and is committed to a corporate culture of inclusiveness and tolerance where a diversity of views, backgrounds and experiences are represented at the Board to enhance the effectiveness of decision-making processes. The Company does not differentiate by race, colour, ethnicity, religion, gender, sexual orientation or any other aspect. The Board does not believe that a formal policy will necessarily result in enhancing gender diversity beyond the current recruitment and selection processes carried out by the Board that take into account a broad range of selection criteria carefully designed to result in the recruitment of the most qualified individuals. In identifying director nominee candidates, the Board will continue to consider numerous other factors beyond gender, such as the candidate's skills, expertise, industry experience and leadership qualities. The range of skills and experience sought by the Board include extensive international oil and gas industry experience, an exploration background, financial literacy and a strong reputation. The Board also considers the skills and experience of existing directors and the need for additional skills and experience on the Board in the areas of: enterprise management, business development, mergers and acquisitions, strategic planning, corporate governance, change management, oil and gas operations, health, safety and environment management, financial expertise, global experience, human resources, reserves evaluation and risk evaluation. However, the Company does not currently have any targets that specifically require the identification, consideration, nomination or appointment of female board nominees. The Board believes singling out one specific attribute may not result in the recruitment of the most qualified candidate for a position. It is anticipated that inclusion of women on the Board will be attained naturally as directors retire and new candidates are nominated for these director positions.

The Company focuses on attracting and retaining experienced and highly skilled individuals when considering candidates for executive officer positions. Rather than considering the level of representation of women in executive officer positions, the Company considers numerous factors such as the candidate's skills, expertise, professional experience, leadership qualities and public company experience relevant to the specific role, in addition to gender. As at the date hereof, none of the directors on the Board are women and none of the executive officers of the Company are women.

### *Director Term Limits and Other Mechanisms of Board Renewal*

The Board has not adopted a policy for term limits for directors. The Board composition has been assessed by the Board to ensure that the Board has the right mix of skills and expertise that will enable the Board to provide strong stewardship for the Company. The Board believes that it is in the stakeholders' best interests to ensure the most qualified persons are on the Board, regardless of age or tenure.

### *Director Independence*

The Company uses the meaning of independence set forth in section 1.4 of Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("**NI 52-110**") to assess whether or not Board members are independent. As at March 31, 2022, the total number of independent directors was three (3), representing seventy-five (75) percent of the total board of directors.

### *Committees of the Board*

The following table sets forth all committee members (✓) as at March 31, 2022:

<b>Director</b>	<b>Year Appointed</b>	<b>Audit Committee</b>
Frederic F. (Jake) Brace	2019	✓
Glenn R. Carley	2016	✓
William T. Hornaday <sup>(1)</sup>	2007	
E. Alan Knowles	2014	Chair

Notes:

(1) Non-independent director as at March 31, 2022.

### *Meeting Attendance*

The following table sets forth the number of Board and Committee meetings held in Fiscal 2022:

<b>Director</b>	<b>Board</b>		<b>Audit Committee</b>		<b>Total</b>
Frederic F. (Jake) Brace	3	75%	3	75%	<b>6</b>
Glenn R. Carley	4	100%	4	100%	<b>8</b>
William T. Hornaday	4	100%	-	-	<b>4</b>
E. Alan Knowles	4	100%	4	100%	<b>8</b>
<b>Total</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>8</b>

Notes:

(1) Additional informational meetings held on an ad-hoc basis during Fiscal 2022 have been excluded from the table above.

## Interlocking Directorships

The term "interlocking directorship" refers to when a member of the Board serves on the board of directors of more than one publicly-listed company. As at the date hereof, none of the members of the Board serves on the board of directors of any other publicly-listed company. The Company has not adopted a formal policy limiting interlocking directorships. The Company has adopted a formal policy that it will evaluate any interlocking directorships that occur in the future to determine if they impact the ability of the directors to act in the best interests of the Company. When recruiting new directors, the Company considers the number of public company boards on which a proposed director sits when evaluating whether such proposed director will have sufficient time to devote to the Company and discharge his or her duty to act in the best interests of the Company.

## Director Skills Matrix

Skill	Description
Enterprise Management	Experience as a President or Chief Executive Officer leading an organization.
Business Development / Strategic Planning	Management or executive experience with responsibility for identifying value creation opportunities.
Financial Literacy	Ability to critically read and analyze financial statements.
Corporate Governance	Understanding of the requirements of good corporate governance usually gained through experience as a senior executive officer or a board member of a public organization.
Change Management	Experience leading a major organizational change or managing a significant merger.
Oil and Gas Operations	Management or executive experience with oil and gas operations.
Health, Safety and Environment Management	Understanding of the regulatory environment surrounding workplace health, safety, environment and social responsibility.
Financial Expertise	Senior executive experience in financial accounting, reporting and corporate finance.
Global Experience	Management or executive experience in a multi-national organization providing understanding of the challenges faced in a different cultural, political or regulatory environment.
Human Resources	Management or executive experience with responsibility for human resources.
Legal Expertise	A legal scholar versed in civil or common law.
Reserves Evaluation	Specific experience with or executive responsibility for oil and gas reserves evaluation.
Risk Evaluation	Management or executive experience in evaluating and managing various risks faced by an organization.

The following table summarizes the relevant skills of each nominee to the Board:

Skill	Frederic F. (Jake) Brace	Glenn R. Carley	William T. Hornaday	E. Alan Knowles
Enterprise management	√	√	√	
Business Development/Strategic Planning	√	√	√	√
Financial Literacy	√	√	√	√
Corporate Governance	√	√	√	√
Change Management	√	√		√
Oil and Gas Operations	√		√	√
Health, Safety and Environment Management	√		√	√
Financial Expertise	√			√
Global Experience	√	√	√	√
Human Resources		√		√
Legal Expertise				
Reserves Evaluation			√	√
Risk Evaluation	√	√	√	√

## 4. Appointment of Auditors

The management of the Company proposes that KPMG LLP, be appointed as the auditors of the Company for the ensuing year at such remuneration as may be fixed by the Board. KPMG LLP has acted as the auditors of the Company since September 30, 1997. In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy thereon at the Meeting. **The Board recommends that Shareholders vote FOR the resolution appointing KPMG LLP, as auditors of the Company for the ensuing year.** In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the resolution as set out above.

# STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS

## Compensation Discussion and Analysis

During Fiscal 2022, the Board was responsible for reviewing and refining the Company's compensation policies and practises to ensure the Company is consistent with the performance and goals of the Company.

Compensation for named executive officers ("**Named Executive Officers**") and employees could be comprised of three components: i) base salary, ii) annual bonus and iii) Options. Salaries and annual bonuses would be cash based and are intended to provide current compensation and short-term incentive. Historically, Options have been granted as long-term incentive and are designed to align with the benefit associated with the long-term appreciation of the Company's share price performance. The Board reviews all three components in assessing the compensation of its Named Executive Officers and employees.

Based on the Company's financial position and ongoing restructuring efforts, the Board did not make any changes to the Company's compensation policies and practices for employees and Named Executive Officers. Historically, the Board used independent industry benchmark surveys, comparable company payment statistics and energy market trends to determine compensation. However, this methodology was deemed inappropriate given the Company's financial position and ongoing restructuring efforts.

### *Components of Compensation*

The three (3) compensation components determined by the Board for Named Executive Officers and employees are described below:

#### **Base Salary**

Base salary amounts are set for each individual based on the required skills to carry out the Company's business plan and daily operations of the Company, the expertise and experience of the specific individual and consideration of the competitive marketplace. The base salary amounts for employees are fixed and determined by management and approved by the Board. Any base salary amounts for Named Executive Officers are determined and approved by the Board. Any general salary increases are approved by the Board at the beginning of each calendar year, as applicable. No general salary increases were approved since calendar 2015 due to the Company's financial condition and ongoing restructuring efforts.

#### **Annual Bonus**

Based on the Company's financial position and ongoing restructuring efforts, in Fiscal 2017, the Board decided that performance bonuses not be paid to Named Executive Officers, employees or consultants. As such, the Company has not paid any performance bonuses since Fiscal 2017.

#### **Option Plan**

Options are considered at-risk long-term incentive compensation for directors, employees, consultants and Named Executive Officers. The individual number of Options granted to each employee is based upon the position and function of the employee within the Company and the employee's relative ability to impact the desired result. A base number of Options is assigned to each employee at the beginning of their employment. One third (1/3) of the total number of options awarded vests on commencement of employment, and the balance vests on the following two (2) anniversaries of their employment. New Options are granted upon expiry of each option tranche, subject to Board approval. The Options vest one (1) to two (2) years from the grant date in order to serve as an effective employee retention tool. The employee benefits from the Options in the event that the Company's share value increases over time as they continue to be employed by the Company. Options are useful in aligning interests of management and shareholders as benefits derived from Options parallel the benefits realized by shareholders through share price appreciation.

The Option Plan authorizes the Board to grant Options to purchase Common Shares to directors, Named Executive Officers, employees and consultants of the Company. The total number of Options issuable under the Option Plan is limited to no more than ten (10) percent of the outstanding Common Shares. As at March 31, 2022, there were no Options issued and outstanding and the number of securities remaining available for future issuance under equity compensation plans approved by securityholders and in total was 9,409,997, representing ten (10) percent of the total outstanding Common Shares as at March 31, 2022.

The Board considers the implications of the risks associated with the Company's compensation policies and practices outlined above. The Board recognizes that the Company's current business strategy is inherent to several risks and is no longer reflected by share price appreciation given the current market conditions. Based on the Company's financial position and ongoing restructuring efforts, in Fiscal 2015, Board decided that Options not be issued to directors, Named Executive Officers, employees or consultants. As such, the Company has not granted any Options since May 2014.

## **Compensation of Named Executive Officers**

The two (2) Named Executive Officers of the Company as at March 31, 2022 were Mr. William T. Hornaday, Chief Executive Officer and Mr. Glen R. Valk, Chief Financial Officer, Vice President, Finance, and Corporate Secretary. The Company does not provide long-term fixed cash cost compensation such as retirement plans, medical plans, savings benefit plans, insurance policies or plans, deferred compensation arrangements or stock appreciation or phantom stock option rights.

## **Compensation of Directors**

### *Fees Earned*

The Board periodically reviews the adequacy and form of compensation of directors.

Director fees for fiscal 2022 were as follows:

- a) CAD\$30,000 as an annual base retainer;
- b) CAD\$15,000 additional annual retainer for a non-executive Chairman of the Board;
- c) CAD\$10,000 additional annual retainer payable to the Chair of the Audit Committee;
- d) CAD\$5,000 additional annual retainer payable to directors serving on the Audit Committee (other than the Chair).

### *Outstanding Share-Based Awards and Option-Based Awards*

As at March 31, 2022, there were no outstanding option-based awards for the Named Executive Officers or directors. The Company does not have any share-based awards.

## Named Executive Officer and Director Compensation

The following table sets forth total compensation earned by, awarded to, granted to, paid or payable to each Named Executive Officer and Director for, or in connection with, services provided to the Company for the fiscal years ended March 31, 2022, and 2021. Amounts are expressed in US Dollars.

Name and position <sup>(1)</sup>	Year	Salary or retainer <sup>(2)</sup>	Committee fees <sup>(2)</sup>	Value of all other compensation	Total compensation
<b>William T. Hornaday<sup>(3)</sup></b> Chief Executive Officer, Director	2022	118,601	-	-	118,601
	2021	112,160	-	-	112,160
<b>Glen R. Valk<sup>(4)</sup></b> Chief Financial Officer, Vice President, Finance, Corporate Secretary	2022	129,969	-	-	129,969
	2021	122,911	-	-	122,911
<b>E. Alan Knowles</b> Director, Chair of the Audit Committee	2022	23,994	7,998	-	31,992
	2021	22,691	7,564	-	30,255
<b>Glenn R. Carley</b> Director	2022	23,994	3,999	-	27,993
	2021	22,691	3,782	-	26,473
<b>Frederic F. (Jake) Brace</b> Director	2022	23,994	3,999	-	27,993
	2021	22,691	3,782	-	26,473

- (1) Compensation for the Named Executive Officers and Directors is earned in Canadian Dollars. An average exchange rate for Fiscal 2022 of US\$0.80 per CAD\$1.00 was used to calculate the US Dollar equivalent of total compensation in the above table (Fiscal 2021 – US\$0.76).
- (2) Retainer and committee fees for directors other than Mr. Hornaday are earned based on the director compensation described above under "Fees Earned".
- (3) Effective July 2019, Mr. Hornaday works a 0.25 work schedule and the salary paid to him is reduced accordingly. Mr. Hornaday does not receive compensation with respect to his role as a director.
- (4) Effective July 2019, Mr. Valk works a 0.5 work schedule and the salary paid to him is reduced accordingly.

## Termination and Change of Control Benefits for Named Executive Officers

The Company does not provide termination benefits to any of its employees, except as required by law. In the event a Named Executive Officer is terminated or ceases to be employed by the Company, the Company shall pay to the individual, within five (5) business days following the date of termination, the amount of unpaid annual salary owing up to and including the date of termination, any bonus declared but not yet paid, and all outstanding vacation pay and expense reimbursements (in each case less applicable withholdings and deductions). In addition, any unvested Options are forfeited and the employee has thirty (30) days from the date of ceasing employment to exercise any vested Options.

The Company has an employment agreement with each Named Executive Officer, which provides for payments in the event of a "change of control" of the Company. The definition of "**change of control**" in these agreements includes (i) a change in ownership of Common Shares which results in a person or group of persons acting jointly or in concert (or their affiliates or associates) being in a position to exercise effective control of the Company (which shall be deemed to include ownership or control of in excess of fifty (50) percent of the Common Shares) and (ii) the sale, lease or transfer of all or substantially all of the assets of the Company.

In certain circumstances, when a change of control of the Company occurs, payments will be made to the Named Executive Officers. These circumstances include: (i) when a Named Executive Officer's employment with the Company is subsequently or contemporaneously terminated by the Company without cause within twelve (12) months of the date of a change of control event; (ii) when a Named Executive Officer does not continue to be employed by the Company at a level of responsibility or a level of compensation at least commensurate with the Named Executive Officer's existing level of responsibility and compensation immediately prior to the change of control event and the Named Executive Officer elects in a written notice to the Company within twelve (12) months of the date of a change of control event to treat the Named Executive Officer's employment as being terminated as a result of either such reduction; and (iii) in the case of the Named Executive Officer, when the Named Executive Officer elects within thirty (30) days of the change of control event not to continue to be employed by the Company. In addition, upon the occurrence of a change of control, all outstanding Options will immediately vest and become exercisable upon approval by the Board.

Each Named Executive Officer has agreed that, concurrent with the receipt of payments under his employment agreement, he will resign from his position with the Company and release the Company, its directors, officers, employees, agents, insurers, successors and assigns from the obligation to pay any further amounts or benefits to him with respect to his employment or its termination. The payment of any amounts are subject to compliance with certain restrictions in the Named Executive Officer's employment agreement, including no breach of proprietary rights of third parties, non-solicitation and other prohibited actions, non-competition, and confidentiality provisions.

The provision of payment and benefit levels for each named executive officer under the various circumstances was determined by the Board in the original employment agreement at the time of placement of each officer's position. The previous Board members assessed compensation payment based on a competitive market analysis. There have not been any changes since the original agreement.

The following table sets forth an estimated aggregate amount that each Named Executive Officer would have been entitled to if he had been terminated without cause on March 31, 2022:

Name <sup>(1)</sup>	Description of change of control compensation	Change of control compensation	Value of outstanding options <sup>(2)</sup>	Total
William T. Hornaday	24 months' salary plus the amount of bonus received in the previous year	237,258 <sup>(3)</sup>	-	237,258
Glen R. Valk	18 months' salary plus the amount of the bonus received in the previous year	195,000 <sup>(4)</sup>	-	195,000

Notes:

- (1) Mr. Hornaday and Mr. Valk are paid in Canadian Dollars. The exchange rate as at March 31, 2022 of US\$0.80 per CAD\$1.00 was used to calculate the US Dollar equivalent.
- (2) No option-based awards were outstanding at March 31, 2022.
- (3) In connection with reductions in work schedule from 100% to 25%, Mr. Hornaday was paid 33⅓% of his change of control compensation in June 2018, 25% of his change of control compensation in July 2019 and 16⅔% of his change of control compensation in January 2020.
- (4) In connection with reductions in work schedule from 100% to 50%, Mr. Valk was paid 20% of his change of control compensation in July 2018 and 30% of his change of control compensation in July 2019.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no current or former director, executive officer or employee of the Company was indebted to the Company or its subsidiaries. At no time since the beginning of the fiscal year ended March 31, 2022 did any director, executive officer or proposed director, or any associate of any such director or executive officer or proposed director of the Company, owe any indebtedness to the Company or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

As at the date hereof, no informed person of the Company (meaning any director or executive officer of the Company, any insider of the Company, and any director or executive officer of a person or company that is itself an informed person of the Company), nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them, has had any material interest in any transaction or proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries at any time since the beginning of the most recently completed fiscal year of the Company.

## CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") requires issuers to disclose their corporate governance practices. The Company's corporate governance practices are set forth below in accordance with NI 58-101 as at the date hereof.

### 1. Corporate Governance

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

The present directors who are independent are Mr. Brace, Mr. Carley, and Mr. Knowles.

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

The present director who is not independent is Mr. Hornaday, the current Chief Executive Officer.

***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.***

As at March 31, 2022, the Board consisted of four (4) members, of which three (3) are independent.

***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.***

None of the members of the Board are presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction.

***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.***

The independent directors hold in camera sessions without management/non-independent directors at each quarterly Board meeting.

***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 Company does not currently have a Chairman of the Board or a lead director who is an independent director. Board meetings are generally chaired by Mr. Hornaday and each independent director participates in the in camera sessions without management/non-independent directors at each quarterly Board meeting.

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

The director attendance at both Board and committee meetings for the year ended March 31, 2022 is outlined under the section "Matters to be Acted Upon at the Meeting – Election of Directors – Meeting Attendance" and "Matters to be Acted Upon at the Meeting – Nominees for Election to the Board".

### 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 has adopted a Board Mandate. On an annual basis, the Board assesses the adequacy of the Board Mandate. The Board's written mandate is attached as **Appendix A** to this Information Circular.

### 3. Position Descriptions

**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, in conjunction with the former Chairman of the Board, has developed written position descriptions for the Chairman of the Board and for the Chair of each committee. The Company does not currently have a Chairman of the Board and Board meetings are generally chaired by Mr. Hornaday

**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 has developed a written position description for the CEO of the Company, which is described in the CEO's executive employment agreement.

### 4. Orientation and Continuing Education

**Briefly describe what measure the board takes to orient new directors regarding the role of the board, its committees and its directors and the nature and operation of the issuer's business.**

The Company has an informal orientation program for its new directors. The orientation program is designed to build each director's understanding of and identification with the Company by:

- providing an introduction to the Company, notably through an interview with the Chairman of the Board and other Board members;
- providing presentations on the Company's operations in all countries;
- providing information on the Company's contingent liabilities;
- providing an introduction to selected members of the Company's team, notably through an interview with the Chairman and management;
- providing an overview of the Company's corporate governance practices;
- acquainting the directors with the Company's Ethics and Anti-Corruption Compliance Program;
- clarifying the expectations of directors, noting that this process will have begun from the initial contact of the director by the Board;
- exposing the directors to the Company's organizational structure; and
- acquainting directors with the Company's annual objectives and ongoing operations.

**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 places an obligation on its directors to maintain a high level of knowledge of the industry and a high level of professional skills. As the directors of the Company meet and review the strategic plan for the Company throughout the year, the Company provides educational information on relevant topics in the form of documents and formal presentations to the Board. In addition, the Company encourages the directors to enrol in courses and programs that will enhance their knowledge and skills in areas that are relevant to their roles as directors and members of Board committees.

### 5. Ethical Business Conduct

**Disclose whether or not the board has adopted a written code for the directors, officers and employees. Disclose how a person or company may obtain a copy of the code. 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.**

A written Code of Ethics and Business Conduct (the "Code") has been implemented by the Company for all directors, officers and employees. The Board monitors compliance with the Code through communications with management, reports from the Chief Compliance Officer, reports through the whistleblower policy (as described below) and employee sign-off of compliance with the Code. A copy of the Code can be found on the Company's website at [www.nikoresources.com](http://www.nikoresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

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

The directors and officers of the Company are required to complete an annual statement of compliance under the Company's Code of Ethics and Business Conduct. This ensures directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board ensures that a director who has a material interest in a transaction or agreement does not participate in discussions if competitive information is being presented or vote on that matter at Board meetings. Should such a circumstance arise, the matter would be referred to the Audit Committee and the Chairman of the Board for appropriate action.

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

The Company is committed to the highest standards of openness, honesty and accountability. To this end, the Company has implemented an Ethics and Anti-Corruption Compliance Program based upon three policies governing ethical business practices as follows:

- a Code of Ethics and Business Conduct to provide guidance on the conduct of the Company's business in accordance with all applicable laws, rules and regulations and with the highest ethical standards;
- an Anti-Corruption Policy which requires adherence to established standards of business conduct to ensure that the Company's business and operations shall be conducted in compliance with the *Corruption of Foreign Public Officials Act (Canada)*;
- a Whistleblower Policy to encourage reporting of misconduct and to ensure that concerns regarding questionable business practices can be raised without fear of discrimination, retaliation or harassment. This policy provides an avenue for individuals to confidentially and anonymously report directly to the Board complaints and concerns regarding unlawful or unethical conduct, violation of any corporate policy or accounting, internal auditing controls or auditing matters without fear of victimization, discrimination or disadvantage.

All directors, officers and employees of the Company are required to complete an annual statement of compliance under the Company's Code of Ethics and Business Conduct, the Anti-Corruption Policy, the Share Trading Policy and the Communications Policy.

The Company provides training on ethical and anti-corruption matters to directors, officers and employees through an online training program delivered by an independent service provider, and monitors participation in the training program. The Company also provides training sessions on ethical and anti-corruption matters to selected officers and employees at each of the Company's subsidiary locations.

The Board monitors and reviews compliance with the Code of Ethics and Business Conduct, the Anti-Corruption Policy and the Whistleblower Policy on an annual basis.

As required by the Anti-Corruption Policy, the Board has appointed a Chief Compliance Officer. The Chief Compliance Officer oversees the Ethics and Anti-Corruption Compliance Program and reports directly to the Board.

The Company also has a share trading policy (the "**Share Trading Policy**"). The Share Trading Policy prescribes rules for Restricted Persons and Employees (as such terms are defined in the Share Trading Policy) with respect to trading in securities in the capital of the Company by these individuals when there is undisclosed material information or undisclosed pending material developments with respect to the Company.

## **6. Nomination of Directors**

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

The Board's responsibility includes considering candidates to fill new positions on the Board created either by expansion or vacancies created by the resignation, retirement or removal of any of the Company's directors. The Board composition is assessed by the Board to ensure the Board has the right mix of skills and expertise that will enable the Board to provide strong stewardship for the Company. A skills matrix of director talents and board requirements is maintained and considered in evaluating potential new candidates. Board nominations and appointments are assessed based upon the merits of the candidates and board requirements. The Board is mindful of the benefits of diversity and is committed to a corporate culture of inclusiveness and tolerance where a diversity of views, backgrounds and experiences are represented at the Board to enhance the effectiveness of decision-making processes. In identifying director nominee candidates, the Board will continue to consider numerous other factors beyond gender, such as the candidate's skills, expertise, industry experience and leadership qualities.

**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 Board does not have a separate nominating committee as the Board is charged with the responsibility for handling the nomination process. The entire Board has input to the nomination process and each candidate is then interviewed by the independent directors of the Board.

## 7. Compensation

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

The Board is responsible for determining and reviewing the compensation for the Named Executive Officers and the directors of the Company to ensure that compensation is fair, equitable and consistent with that of its industry peers.

During the past few years, the Board has considered the Company's restructuring efforts as a key factor in determining the Company's compensation policies and practices, while focusing on retaining Named Executive Officers and directors. The Board historically used independent industry benchmark surveys and comparable company payment statistics for comparative analysis to determine compensation. However, based on the financial condition and on-going restructuring efforts of the Company, the historical approach was no longer appropriate. The Board has assessed compensation using more practical metrics for determining salaries, bonuses and other compensation arrangements for Named Executive Officers and directors. Metrics included a review of the current market and health of the energy market including the sharp decline in commodity prices which resulted in depressed industry conditions.

**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.**

In March 2018, the Board disbanded its corporate governance and compensation committee effective April 1, 2018, with the previous roles and responsibilities of this committee now handled by the Board.

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

In March 2018, the Board disbanded its corporate governance and compensation committee effective April 1, 2018, with the previous roles and responsibilities of this committee now handled by the Board.

## 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.**

In addition to the Audit Committee, the Board had a Reserves and Health, Safety & Environmental Committee until June 30, 2019.

In June 2019, the Board disbanded its Reserves and Health, Safety & Environmental Committee effective July 1, 2019, with the previous roles and responsibilities of this committee now handled by the Board.

## 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 Board internally evaluates the effectiveness and contribution of the Board, its committees and individual directors on an annual basis. The results of the evaluation are analyzed by the Chairman of the Board with the directors to determine areas for improvement. Changes to the Board composition and collective skill set are recommended and implemented to enhance the overall performance of the Board on an as needed basis.

## AUDIT COMMITTEE INFORMATION

Refer to **Appendix B** for the Audit Committee Charter.

### Composition of the Audit Committee

The Audit Committee was comprised of E. Alan Knowles (Chair), Glenn R. Carley and Frederic F. (Jake) Brace as at March 31, 2022. All members are independent and financially literate in accordance with NI 52-110. The education and expertise of each member including the determination of financial literacy is described under "Directors and Officers".

### Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence. Refer to section 5.2.9 of the Audit Committee Charter under Appendix "B".

### Auditor Service Fees

The aggregate fees paid or payable to the Company's auditors, KPMG LLP, for audit and professional services for the last two (2) fiscal years are as follows:

Thousands (CAD\$)	2022	2021
Audit fees	70	60
Audit-related fees	-	-
Tax fees	-	-
Total	70	60

Audit fees were paid, or are payable, for professional services rendered by the auditors for the audit of the Company's consolidated financial statements, or services provided in connection with statutory and regulatory filings or engagements. Audit-related fees are related to professional services with respect to prospectuses, translation of foreign language financial statements and audit certifications. Tax fees are related to professional services including tax compliance, tax advice, tax planning and corporate tax filings.

## OTHER MATTERS TO BE ACTED UPON

Management of the Company is not aware of any matter to come before the Meeting other than as set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## ADDITIONAL INFORMATION

The Company shall provide to any person, without charge, following a written or oral request to Mr. Glen Valk, Vice President, Finance, Chief Financial Officer and Corporate Secretary of the Company, by mail at 1500, 205-5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2V7 or by telephone at (403) 262-1020, copies of this Information Circular, the Company's annual consolidated financial statements and Management's Discussion and Analysis and any interim consolidated financial statements since March 31, 2022. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.nikoresources.com](http://www.nikoresources.com).

## **APPENDIX A BOARD MANDATE**

The Board of Directors (the "**Board**") of NIKO RESOURCES LTD. ("**NIKO**") has the oversight responsibility and duties as described herein. In addition, each Director has the responsibility and duties provided in any other mandate or Position Description that applies to them.

### **General**

The Board has responsibility for the stewardship of NIKO and its subsidiaries to ensure the long-term financial operational viability and efficiency of the Company, and to generally further NIKO's objectives by establishing policies and implementing, directing and monitoring the same exercising the care, diligence and skill of a reasonably prudent person in comparable circumstances, in good faith with a view to the best interests of NIKO. Without limiting the generality of the foregoing, the Board will perform the following duties.

### **Strategic, Operating, Capital Plans and Financing Plans**

- in consultation with the management of NIKO, define the principal objectives of NIKO;
- require the Chief Executive Officer to present periodically to the Board for approval a long range strategic plan of NIKO designed to achieve the principal objectives as adopted by the Board;
- establish a strategic planning process and monitor performance versus plans;
- review and approve annual budgets, operating plans, and corporate objectives and monitor performance and compliance;
- identify the principal risks to NIKO and ensure the implementation of systems to manage such risks;
- review the integrity of internal control and management information systems;
- approve acquisitions and dispositions and the establishment of credit facilities;
- confirming on an annual basis the appointment of Officers;

### **Monitoring/Implementing**

- monitor NIKO's progress toward its goals, and revise and amend strategic planning in response to change in business and corporate circumstances;
- monitor employment policies including compensation, performance and succession planning;
- in consultation with the Chief Executive Officer, establish and monitor and foster ethical and responsible decision making by management, and ethical standards to be observed by NIKO and its employees;
- approve all matters relating to any takeover bid of NIKO;
- monitor and approve compensation of senior management personnel and appropriate compensation programs for NIKO's employees;
- approve NIKO's Ethics Policy;
- with the Audit Committee and the Board Chair, respond to potential conflict of interest situations;
- monitor compliance with NIKO's Ethics Policy, and provide for appropriate disclosure of any waivers of the policy for directors and officers;
- review and approve succession, including approving development of and monitoring of the performance of senior management personnel;
- develop NIKO's approach to corporate governance;
- evaluate and recommend amendments to Corporate Governance Policies, the Board Mandate and Position Descriptions;

- on an annual basis, review:
  - The Code of Conduct and Compliance sign-offs
  - The Communications Policy
  - The Whistleblower Policy
  - The Share Trading Policy

and amend the same if considered necessary to ensure that such policies are achieving their intended purpose.

### **Communications, Disclosure and Compliance**

- ensure timely compliance with the reporting obligations of NIKO, and that the financial performance of NIKO is properly reported to shareholders, other security and regulators on a timely and regular basis;
- recommend to shareholders of NIKO a firm of chartered accountants to be appointed as NIKO's auditors;
- ensure the timely reporting of any change in the business, operations or capital of NIKO that would reasonably be expected to have a significant effect on the market price or value of the shares of NIKO;
- report annually to shareholders on the Boards' stewardship for the preceding year;
- establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the Whistleblower Policy; and
- ensure that NIKO has a policy in place to enable effective communication with its shareholders and the public generally.

### **Governance**

- in consultation with the Chairman of the Board develop a position description for the Chairman of the Board and in consultation with the Chief Executive Officer a position description for the Chief Executive Officer and review such position descriptions as necessary to ensure the same are practical and appropriate;
- facilitate the continuity, effectiveness and principles of independence of the Board by, among other things:
  - appointing a Chair of the Board with experience and expertise in foreign investment and operations;
  - appointing an Audit Committee comprised solely of financially competent independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the system of internal accounting and financial reporting controls that Management has established; (v) performance of the internal and external audit process and of the independent auditor; and (vi) implementation and effectiveness of the Ethics Policy and the compliance programs under the Ethics Policy;
  - in the Board's discretion, appointing any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board;
  - defining the terms of reference for the Chairs of such Committees;
  - ensuring that processes are in place and are utilized to assess the effectiveness of the Board and the Committees established by the Board;
  - establishing a system to enable any director or Committee to engage an outside advisor at the expense of NIKO;
  - overseeing the development and implementation of the Director orientation program;
  - review annually the compensation of directors.

**Delegation**

The Board may delegate its duties to and receive reports from the Audit Committee and any other committee created by the Board to assist the Board in the performance of its duties.

**Composition**

- the Board shall be comprised of at least four (4) individuals elected by the shareholders at the Annual Meeting;
- a majority of the Board Members will be independent (within the meaning of National Instrument 58.101) and free from any direct or indirect material relationship which could in the opinion of the Board, reasonably interfere with the members independent judgment;
- all Board members will have the skills and abilities appropriate to their appointment as directors, it being recognized that an appropriate combination of education, experience and competencies will ensure that the Board will discharge its duties effectively. Board members should have sufficient knowledge of NIKO and petroleum industry to assist in providing advice and counsel on relevant issues;
- Board members shall review available materials in advance of meetings and endeavour to attend all meetings of the Board and its subcommittees;
- once or more annually, this Mandate shall be evaluated and updates recommended to the Board for consideration.

## **APPENDIX B**

### **AUDIT COMMITTEE CHARTER**

#### **1.0 Constitution**

A standing committee of the Board of Directors ("Board") of Niko Resources Ltd. (the "Company") consisting of members of the Board is hereby appointed by the Board from among their number to comply with all legislation, regulations, articles and policies to which the Company and its business is subject and is hereby established and designated as the "Audit Committee" (the "Committee").

#### **2.0 Overall Purpose/Objectives**

The Committee will assist the Board in fulfilling its oversight responsibilities, including:

- 2.1 the integrity of the Company's financial statements;
- 2.2 the integrity of the financial reporting process;
- 2.3 the system of internal control and management of financial risks;
- 2.4 the external auditors' qualifications and independence;
- 2.5 the external audit process and the Company's process for monitoring compliance with laws and regulations;
- 2.6 internal audit & reviews as required or scheduled;
- 2.7 disclosure of any material information;
- 2.8 information systems and office operation disaster recovery program; and
- 2.9 review and approve equity offering prospectus.

In performing its duties, the Committee will maintain effective working relationships with the Board, management and the external auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the Company's business, operations, risks and related legislation, regulations and industry standards. So that the Audit Committee can discharge its duties as a whole, all Audit Committee members must be financially literate, and at least one member must have accounting or related financial management expertise.

#### **3.0 Authority**

The Board authorizes the Committee, within its scope of duties and responsibilities, to:

- 3.1 seek any information it requires from any employee of the Company (whose employees are directed to co-operate with any request made by the Committee);
- 3.2 seek any information it requires directly from external parties including the external auditors; and
- 3.3 obtain outside legal or other professional advice without seeking Board approval (however providing notice to the Chair of the Board).

#### **4.0 Organization**

The following provisions and regulations shall apply to the composition of the Committee:

- 4.1 the Committee shall consist of not less than three (3) members of the Board of the Company;
- 4.2 the members of the Committee shall be independent members and unrelated to Management;
- 4.3 the Chair of the Committee shall be determined by the Board of the Company;
- 4.4 as a minimum, one (1) member must be viewed as a financial expert;

- 4.5 two members of the Committee shall constitute a quorum thereof;
- 4.6 no business shall be transacted by the Committee except at a meeting of its members at which a quorum is present in person or by telephone or by a resolution in writing signed by all members of the Committee;
- 4.7 the meetings and proceedings of the Committee shall be governed by the provisions of the by-laws of the Company that regulate meetings and proceedings of the Board;
- 4.8 the Committee may invite such directors, officers, employees of the Company, and/or the external auditors as it may see fit, to attend its meetings and take part in the discussion and consideration of the affairs of the Committee;
- 4.9 meetings shall be held not less than four times per year, generally coinciding with the release of interim or year-end financial information. Special meetings may be convened as required upon the request of the Committee Chair or any member. The external auditors may convene a meeting if they consider that it is desirable or necessary;
- 4.10 the proceedings of all meetings will be minuted;

## **5.0 Duties and Responsibilities**

The Board hereby delegates and authorizes the Committee to carry out the following duties and responsibilities to the extent that these activities are not carried out by the Board as a whole:

- 5.1 Corporate Information and Internal Control
  - 5.1.1 review and recommend for approval of the quarterly and annual financial statements, MD&A, and Management Proxy Circular of the Company;
  - 5.1.2 review of internal control systems maintained by the Company;
  - 5.1.3 review of major changes to information systems;
  - 5.1.4 review of spending authority and approval of limits;
  - 5.1.5 review of significant accounting and tax compliance issues where there is choice among various alternatives or where application of a policy has a significant effect on the financial results of the Company;
  - 5.1.6 review of significant proposed non-recurring events such as mergers, acquisitions or divestitures; and
  - 5.1.7 review press releases or other publicly circulated documents containing financial information.
- 5.2 External Auditors
  - 5.2.1 retain and terminate the external auditors (subject to shareholder approval);
  - 5.2.2 review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed engagement fees;
  - 5.2.3 annually, obtain and review a report by the external auditors describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review (or peer review) of the firm or by any inquiry or investigation by governmental or professional authorities;
  - 5.2.4 annually, a certificate attesting to the external auditors' independence, identifying all relationships between the external auditors and the Company;
  - 5.2.5 annually, evaluate the external auditors' qualifications, performance and independence;
  - 5.2.6 annually, to assure continuing auditor independence, consider the rotation of lead audit partner or the external auditor itself;

- 5.2.7 where there is a change of auditor, review all issues related to the change, including information to be included in the notice of change of auditors (National Policy #31 as adopted by the Canadian Securities Regulatory Authorities), and the planned steps for an orderly transition;
  - 5.2.8 review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy #31, on a routine basis, whether or not there is a change of auditors;
  - 5.2.9 pre-approve engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence; and
  - 5.2.10 set hiring policies for employees or former employees of the external auditors.
- 5.3 Audit
- 5.3.1 review the audit plan for the coming year with the external auditors and with management;
  - 5.3.2 review with management and the external auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
  - 5.3.3 question management and the external auditors regarding significant financial reporting issues during the Fiscal period and the method of a resolution;
  - 5.3.4 review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by management or significant accounting issues in which there was a disagreement with management;
  - 5.3.5 review audited annual financial statements and quarterly financial statements with management and the external auditors (including disclosures under "Management Discussion & Analysis"), in conjunction with the report of the external auditors, and obtain explanation from management of all significant variances between comparative reporting periods;
  - 5.3.6 review the auditors' report to management, containing recommendations of the external auditors', and management's response and subsequent remedy of any identified weaknesses; and
- 5.4 Risk Management and Controls
- 5.4.1 review hedging strategies, policies, objectives and controls;
  - 5.4.2 review, not less than quarterly, a mark to market assessment of the Company's hedge positions and counter party credit risk and exposure;
  - 5.4.3 review adequacy of insurance coverage, outstanding or pending claims and premium costs;
  - 5.4.4 review loss prevention policies and programs in the context of competitive and operational consideration; and
  - 5.4.5 annually review authority limits for capital expenditures sales and purchases.
- 6.0 Other Duties and Responsibilities**
- 6.1 The responsibilities, practices and duties of the Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Committee with the responsibility of reviewing items of a financial or control nature, of a risk management nature and of a reserves nature; and
  - 6.2 The Committee shall periodically report to the Board the results of reviews undertaken and any associated recommendations.

## **APPENDIX C**

### **MAJORITY VOTING POLICY**

The board of directors (the **Board**) of Niko Resources Ltd. (the **Company**) believes that each director should have the confidence and support of the shareholders of the Company. To this end, the Board has unanimously adopted this policy and future nominees for election to the Board will be required to confirm that they will abide by the policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the Company will disclose the number of shares voted by proxy in favour or withheld for each director.

If a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the Board not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the Board, effective on acceptance by the Board. The Board, after consideration shall determine whether or not to accept the resignation within 90 days after the date of the relevant shareholders' meeting.

The Board shall accept the resignation absent exceptional circumstances. Promptly upon the determination of the Board, the Company will issue a press release, announcing the resignation of the director or explaining the reasons justifying the Board's decision not to accept the resignation.

The nominee will not participate in any meeting of the Board or Committee where his or her resignation is considered.

Subject to any corporate law restrictions, the Board may (1) leave a vacancy in the Board unfilled until the next annual general meeting, (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or (3) call a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

This policy does not apply where an election takes place at a contested meeting, being a meeting at which the number of directors nominated for election is greater than the number of seats available on the board.

## APPENDIX D

### ADVANCE NOTICE BYLAW

#### INTRODUCTION

The Corporation is committed to: (i) facilitating an orderly and efficient annual or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; (iii) allowing the Corporation and shareholders to evaluate all nominees' qualifications and suitability as a director of the Corporation; and (iv) allowing shareholders to cast an informed vote.

The purpose of this Advance Notice By-law (the "**By-law**") is to provide shareholders, directors and management of the Corporation with guidance on the nomination of directors. This By-law is the framework by which the Corporation seeks to fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the position of the Corporation that this By-law is beneficial to shareholders and other stakeholders. This By-law will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

#### NOMINATIONS OF DIRECTORS

1. **Nomination procedures** - Subject only to the *Business Corporations Act* (Alberta) (the "**Act**") and the articles of the Corporation (the "**Articles**"), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors:
  - (a) by or at the direction of the Board, 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 the shareholders made in accordance with the provisions of the Act; or
  - (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register 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 (B) who complies with the notice procedures set forth below in this By-law.
2. **Timely notice** - In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.
3. **Manner of timely notice** - To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days 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 tenth (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 the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. **Proper form of timely notice** - To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. **Eligibility for nomination as a director** - No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. **Terms** - For purposes of this By-law:
- (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](http://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 relevant province and territory of Canada.
7. **Delivery of Notice** - Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; 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. (Mountain Daylight time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
8. **Board Discretion** - Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.