INFORMATION CIRCULAR - PROXY STATEMENT

DATED April 12, 2023

www.lucerocorp.com

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PROXY SUMMARY

The following summary highlights some of the important information you will find in this information circular-proxy statement. We recommend you read the entire information circular before voting.

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LETTER TO SHAREHOLDERS

April 12, 2023

Dear Fellow Shareholder,

On behalf of the Board of Directors and management of Lucero Energy Corp. (the "**Corporation**"), we are holding our annual and special meeting (the "**Meeting**") of the holders of common voting shares at First Canadian Centre, Chambers Room, 350 – 7th Avenue SW, Calgary, Alberta on May 17, 2023 at 10:00 a.m. (Calgary time).

The accompanying information circular – proxy statement describes the business that will be conducted at the Meeting and provides information regarding our executive compensation and governance practices.

Your vote is important to us. If you are unable to attend the Meeting, we encourage you to ensure your vote is recorded by returning the signed form of proxy or via our internet option. If your shares are not registered in your name and are held in the name of your broker or other nominee, you may wish to consult the information beginning on page 5 of the accompanying information circular – proxy statement for information on how to vote your shares.

Sincerely,

(signed) "*M. Bruce Chernoff*"
M. Bruce Chernoff
Chairman

NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE is hereby given that an annual and special meeting (the "**Meeting**") of holders of common voting shares ("**Common Share**") of Lucero Energy Corp. (the "**Corporation**") will be held at First Canadian Centre, Chambers Room, 350 – 7th Avenue SW, Calgary, Alberta at 10:00 a.m. (Calgary time), on May 17, 2023, to:

1. consider and receive our audited financial statements as at and for the year ended December 31, 2022, together with the report of the auditors thereon;
2. fix the number of directors to be elected at the Meeting at six (6) members;
3. elect six (6) directors;
4. appoint the auditors and authorize our directors to fix their remuneration as such;
5. consider and, if deemed advisable, to pass with or without variation, an ordinary resolution re-approving our bonus award incentive plan, as more particularly described in the attached information circular – proxy statement; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

Only shareholders whose names have been entered in the register of Common Shares at the close of business on April 12, 2023 will be entitled to receive notice of and to vote at the Meeting unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting. Each Common Share will entitle the holder to one vote at the Meeting.

We encourage all holders of Common Shares to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the proxy must be received by Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge St, Toronto, Ontario M5E 1J8 (Attention: Proxy Department), by email to proxy@odysseytrust.com, by facsimile at (800) 517-4553 (if outside North America) or by internet at https://login.odysseytrust.com/pxlogin no less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) before the time for holding the meeting or any adjournment thereof. All instructions are listed in the enclosed form of proxy. Notwithstanding the foregoing, the Chairman of the Meeting has the discretion to accept proxies received after such deadline.

DATED at Calgary, Alberta, this 12th day of April, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*M. Bruce Chernoff*"
M. Bruce Chernoff, Chairman

INFORMATION CIRCULAR – PROXY STATEMENT
For the Annual & Special Meeting of Shareholders
to be held on Wednesday May 17, 2023

VOTING MATTERS

Solicitation of Proxies

This information circular – proxy statement (the "**Information Circular**") is furnished in connection with the solicitation of proxies for use at the annual and special meeting (the "**Meeting**") of the holders of common voting shares ("**Common Shares**") of Lucero Energy Corp. (the "**Corporation**" or "**we**" or "**our**") to be held at 10:00 a.m. (Calgary time) on Wednesday May 17, 2023, at First Canadian Centre, Chambers Room, 350 – 7th Avenue SW, Calgary, Alberta and at any adjournment thereof. Forms of proxy must be mailed so as to reach or be deposited at the offices of Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge St, Toronto, Ontario M5E 1J8 (Attention: Proxy Department), by email to proxy@odysseytrust.com or by facsimile at (800) 517-4553 (if outside North America) not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the time set for the Meeting or any adjournment thereof. Registered shareholders may also use the internet at https://login.odysseytrust.com/pxlogin to vote their Common Shares. Shareholders will be prompted to enter the control number which is located on the form of proxy. Votes by internet must be received not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the time set for the Meeting or any adjournment thereof.

The persons named in the enclosed instrument of proxy are our officers. **As a shareholder you have the right to appoint a person or company, who need not be a shareholder, to represent you at the Meeting. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other name.**

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If your Common Shares are listed in your account statement provided by your broker, then, in almost all cases, those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your 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 CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for the Depositary Trust Company, which is the United States equivalent of The CDS Clearing and Depositary Services Inc.

If you do not hold your shares in your own name, you may give permission to your broker or other intermediary to release your name and address to us so that we can send proxy related materials to you directly. Without this permission, we cannot send you materials directly and your broker or other intermediary shall be required to send such materials to you. We do not provide proxy related materials directly to beneficial shareholders and we assume the costs associated with the delivery of materials to beneficial shareholders by intermediaries.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. Often, the form of proxy supplied by your 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 your behalf.

Brokers often delegate the responsibility for obtaining voting instructions to Broadridge Investor Communications ("**Broadridge**") which mails a scannable voting instruction form in lieu of a form of proxy. If you received one of these, you are asked to complete and return it to Broadridge by mail or facsimile. Alternatively, you can call their toll-free number or access the internet to vote your shares. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares at the Meeting. If you receive a voting instruction form from Broadridge, it cannot be used as a proxy to vote your shares directly at the Meeting as the form must be returned to Broadridge well in advance of the Meeting in order to have your shares voted. If you wish to attend the Meeting and vote your own shares, you must do so as a proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form provided to you and return the document to your broker or agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting.

The Canadian Securities Administrators have adopted a "notice-and-access" regime for shareholder meetings which permits issuers to send a reduced package of meeting materials to shareholders, together with the document required to cast their vote. We have elected not to use the "notice-and-access" regime for the Meeting and paper copies of such materials will be sent to all of our shareholders.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you, or the person to whom you give your proxy, attend personally at the Meeting, you or 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 an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective, the instrument in writing must be deposited either at our head office, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and distribution of the form of proxy, notice of annual and special meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees will be voted or withheld from voting on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted on any poll in accordance with the specification so made. **If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy, which we have furnished, are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Information Circular, we know of no such amendment, variation or other matter.

Voting Shares and Principal Holders

We are authorized to issue an unlimited number of Common Shares, an unlimited number of common non-voting shares and an unlimited number of class "A" preferred shares, issuable in series, of which one series, being the series 1 class A preferred shares (the "**Special Voting Shares**") have been authorized for issuance in an unlimited number. As at April 12, 2023 there were 662,410,687 Common Shares, no common non-voting shares and no Special Voting Shares issued and outstanding. The Common Shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "LOU" and on the OTCQB under the symbol "PSHIF". The Common Shares and Special Voting Shares are our only authorized classes of voting shares. Each Common Share and Special Voting Share are entitled to one vote and shall, except as required by applicable law, vote together as a single class.

Based on information supplied to them and based on public filings, to the knowledge of our directors and officers, as the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of our voting shares (being the Common Shares) other than as set forth below:

Name	Class of Share	Number of Shares	Percentage of Shares
M. Bruce Chernoff (1)	Common Shares	135,210,513	20%
FR XIII PetroShale Holdings L.P. ("**First Reserve**")	Common Shares	234,978,500	35%

Notes:

(1) 121,394,238 Common Shares are held by Hawthorne Energy Ltd., a company of which Mr. Chernoff is a significant shareholder, 10,000,000 Common Shares are held by Kai Commercial Trust, a trust of which Mr. Chernoff is a majority unitholder and 3,816,275 Common Shares are held by Alpine Capital Corp., a company directed by Mr. Chernoff.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

As of the date hereof, the board of directors of the Corporation (the "**Board**") consists of six (6) members. Management is soliciting proxies, in the accompanying applicable form of proxy, for an ordinary resolution in favour of fixing our Board at six (6) members, and in favour of the election as directors of the following: M. Bruce Chernoff, Brett Herman, David Rain, Gary Reaves, Jacob Roorda and Dale Shwed. Each director elected will hold office until the next annual meeting of our shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated.

It is the intention of our management designees, if named as proxy, to vote **FOR** the election of the proposed nominees to our Board unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that a vacancy among such nominees occurs because of death or for any reason prior to the Meeting, the form of proxy will not be voted with respect to such vacancy.

Biographies of our Directors

The following is a brief description of the proposed nominees, including their principal occupation for the past five (5) years, all positions and offices of the Corporation held by them and the number of shares that they have advised are beneficially owned or controlled or directed by them, directly or indirectly, as at April 12, 2023.

Name, Residence and Office(s) held	Principal Occupation or Employment for the Last Five Years	Became a Director	Number of Common Shares
M. Bruce Chernoff (3) Alberta, Canada	Our Chairman and President of Caribou Capital Corp., a private investment company.	August 31, 2012	135,210,513 (4)
Brett Herman Alberta, Canada	President & Chief Executive Officer of the Corporation since January 2022. Prior thereto, Mr. Herman was the President & Chief Executive Officer of TORC Oil & Gas Ltd. from December 2010 until February 2021. Prior thereto, Mr. Herman was the President & Chief Executive Officer and a Director of Result Energy Inc. from November 2009 to April 2010 and the President & Chief Executive Officer and a Director of TriStar Oil & Gas Ltd. from August 2006 to October 2009.	March 8, 2012	11,040,447
David Rain (1),(3) Alberta, Canada	Our Interim Chief Executive Officer from October 15, 2019 to August 24, 2020 and our Chief Financial Officer from November 1, 2013 to November 30, 2018 and Chief Financial Officer and Vice President of Caribou Capital Corp., a private investment company.	December 3, 2018	1,439,041
Gary Reaves (1),(2),(3) Texas, USA	Managing Director of First Reserve since January 2014 and prior thereto was a Director of First Reserve since January 2012. Mr. Reaves has been with First Reserve since 2006.	May 20, 2020	Nil(5)
Jacob Roorda (2) Alberta, Canada	Independent businessman since January 2022. Prior thereto, President and Chief Executive Officer of the Corporation from August 24, 2020 until January 2022. Prior thereto Managing Director of Windward Capital Limited, a private advisory company. From November 2016 through June 2017, Executive Vice President of Todd Energy International, a private US-based methanol producing company. Prior thereto, the Chief Executive Officer of Todd Energy Canada Limited, a private oil and gas company.	March 8, 2012	3,443,941(6)
Dale O. Shwed (1)(,2) Alberta, Canada	Mr. Shwed has been the President & Chief Executive Officer and a Director of Crew Energy Inc. since June 2003.	January 13, 2022	4,000,000(7)

Notes:

(1) Member of our Audit Committee.
(2) Member of our Reserves Committee.
(3) Member of our Corporate Governance and Compensation Committee.
(4) 121,394,238 Common Shares are held by Hawthorne Energy Ltd. ("**Hawthorne**"), a company of which Mr. Chernoff is a significant shareholder, 10,000,000 Common Shares are held by Kai Commercial Trust, a trust of which Mr. Chernoff is a majority unitholder and 3,816,275 Common Shares are held by Alpine Capital Corp., a company directed by Mr. Chernoff.
(5) Mr. Reaves is a Managing Director of First Reserve GP XIII Limited, the ultimate general partner of First Reserve. First Reserve owns 234,978,500 Common Shares.
(6) 3,392,871 Common Shares are held by Mr. Roorda, and 51,070 Common Shares are held by Mr. Roorda's spouse.
(7) 2,000,000 Common Shares are held by Mr. Shwed and 2,000,000 Common Shares are held by Martex Fuel Distributors Ltd., a company directed by Mr. Shwed.

On April 8, 2021, we completed a repositioning transaction and in connection with the same we entered into an investor rights agreement dated April 8, 2021 (the "**Investor Rights Agreement**") with First Reserve and Hawthorne which has replaced and superseded the securities subscription and investor rights agreement dated December 30, 2017 between the Corporation, PetroShale (US), Inc. and First Reserve (the "**Investment Agreement**"). The Investor Rights Agreement provides First Reserve with rights substantially similar to those provided in the Investment Agreement. In particular, pursuant to the Investor Rights Agreement, First Reserve was provided, among other things, certain governance rights, including the right that so long as First Reserve owns not less than 10% of the issued and outstanding Common Shares it shall be entitled to designate one nominee for election to our Board. A copy of the Investor Rights Agreement is available for review under our SEDAR profile at www.sedar.com. Gary Reaves, a Managing Director of First Reserve has been appointed to our Board, and is standing for election to the Board at the Meeting, pursuant to the Board nomination rights provided to First Reserve pursuant to the Investor Rights Agreement.

Additional Disclosure Relating to Proposed Directors

None of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or was within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an Order that was issued after the director 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 other than Mr. Roorda who was formerly a director of Argosy Energy Inc. ("**Argosy**") when it was cease traded for failure to file financials in April 2012.

Except as otherwise disclosed herein, none of our directors (nor any personal holding company of any of such persons) is, as of the date hereof, or has been within the ten (10) years before the date hereof, a director or executive officer of any company (including us) 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. In addition, none of our directors (nor any personal holding company) or any such person 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. Chernoff and Mr. Rain were each formerly directors of Calmena Energy Services Inc. ("**Calmena**") (a public oilfield service company) which was placed in receivership on January 20, 2015. Mr. Chernoff and Mr. Rain resigned as directors of Calmena effective January 15, 2015. Mr. Roorda was also a director of Argosy, a Toronto Stock Exchange ("**TSX**") listed company which entered receivership pursuant to a Court order resulting from a creditor petition. Concurrently with the receivership, Mr. Roorda resigned as a director of Argosy. Mr. Roorda was formerly an alternate director of Wolf Mineral Limited ("**Wolf**"), a specialty mining company based in Australia and the U.K., which was listed on the AIM market of the London Stock Exchange ("**AIM**") and the Australian Stock Exchange ("**ASX**"). Mr. Roorda served at the request of his employer at the time, a shareholder of Wolf. On September 27, 2018, Wolf announced that it had been voluntary suspended from the ASX as a result of a failure to file its annual report when due. Wolf was placed into voluntary administration on October 10, 2018 and on that date it announced that in connection with the appointment of an administrator, it had been suspended from trading on the AIM. Mr. Roorda resigned as an alternate director effective October 10, 2018. Mr. Reaves previously served as a director of Tri-Point Oil & Gas Systems ("**Tri-Point**"), a privately held oil and gas production and process equipment services company, from October 12, 2016 until December 31, 2020. On March 16, 2020, Tri-Point and certain affiliates filed for Chapter 11 and subsequently liquidated the company. Mr. Reaves previously served as a director of TNT Crane & Rigging ("**TNT**"), a privately held crane services provider, from November 27, 2013 until October 15, 2020. TNT filed for Chapter 11 bankruptcy protection on August 23, 2020 and completed a restructuring on September 30, 2020. Mr. Reaves currently serves as a director of Eagle Infrastructure Services, Inc. ("**Eagle**"), a privately held provider of certain services for pipeline and related facilities infrastructure.

On January 29, 2023, Cleveland Integrity Services Inc., a wholly owned subsidiary of Eagle, filed for Chapter 11 bankruptcy protection.

None of our directors (nor any personal holding company of any of such persons) has been subject to 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 any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Advance Notice By-law

We have adopted By-Law No. 2 regarding advance notice of nominations of directors of the Corporation, which was ratified by the shareholders of the Corporation at the 2017 annual meeting (the "**Advance Notice By-law**"). A copy of the Advance Notice By-law can be found under our SEDAR profile at www.sedar.com.

The purpose of the Advance Notice By-law is to provide shareholders, the Board and our management with a clear framework for director nominations to help ensure orderly business at meetings of shareholders. Among other things, the Advance Notice By-law fixes a deadline by which shareholders must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of shareholders. It also specifies the information that a nominating shareholder must include in the notice in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of shareholders, notice to the Corporate Secretary of the Corporation must be made not less than thirty (30) days and not more than sixty-five (65) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth (10th) day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made 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 was made. The Board may, in its sole discretion, waive any requirement of the Advance Notice By-law.

As of the date of this Information Circular, we have not received any nominations by way of the advance notice mechanism.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been our auditors since August 2012.

Re-Approval of Bonus Award Incentive Plan

At the Meeting, shareholders will be asked to consider and re-approve the Corporation's bonus award incentive plan (the "**Award Plan**"). The Award Plan (as last amended and restated) was approved by our Board on April 9, 2022 and last approved by shareholders on May 19, 2022 and provides for, among other things, a rolling option plan whereby the number of Common Shares that may be reserved for issuance under the Award Plan cannot exceed 10% of the aggregate number of outstanding Common Shares, and, if applicable, non-voting common shares (from time to time) less the number of Common Shares reserved under the Corporation's stock option plan (the "**Option Plan**"). In accordance with the rules of the TSXV, rolling plans must receive shareholder approval yearly at our annual shareholder meeting. The summary provided below is qualified in its entirety to the full text of the Award Plan. Capitalized terms used in this section of the Information Circular and not otherwise defined herein are defined in the Award Plan.

The purpose of the Award Plan is to issue awards in order to: (i) retain and attract qualified directors, officers, consultants, employees and other services providers, as applicable, for us or our subsidiaries, partnerships, trusts and other controlled entities; and (ii) promote alignment by such persons with our business objectives and to encourage such persons to remain in our employ or service and put forth maximum efforts for the success of our affairs or the affairs of our subsidiaries, partnerships, trusts and other controlled entities. The Award Plan is administered by our Board, which may delegate its authority to a committee of our Board.

The Award Plan provides that our Board may from time to time, in its discretion, grant to our directors, officers, employees, consultants, service providers and those of our subsidiaries, awards of notional number of Common Shares. Awards are not transferable outside of estate settlement purposes and the holding of awards does not entitle the holder thereof to any rights as a shareholder.

Our Board will determine the timing of the payment date(s) and expiry date(s) for the awards granted under the Award Plan. Our Board in its discretion, may impose such conditions to vesting.

The number of Common Shares issuable pursuant to the Award Plan to any one person in any twelve (12) month period will not exceed 5% of our Total Common Shares. Furthermore, pursuant to the Award Plan: (i) the number of Common Shares issuable to insiders, at any time, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the aggregate number of Total Common Shares; (ii) the number of Common Shares issued to insiders, within any one year period, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the aggregate number of Total Common Shares; (iii) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one consultant in a 12 month period shall not exceed 2% of the aggregate number of Total Common Shares; (iv) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one person employed to provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in a 12 month period shall not exceed 2% of the aggregate number of Total Common Shares.

Our Board can amend or discontinue the Award Plan or awards granted thereunder at any time without shareholder approval, provided any amendment to the Award Plan that requires approval of the TSXV may not be made without approval of the TSXV. However, without the prior approval of the shareholders, as may be required by such exchange, we may not make any amendment to the Award Plan or awards granted thereunder to: (a) increase the aggregate number of Common Shares issuable on exercise of outstanding awards at any time; (b) extend the term of any outstanding awards beyond the original expiry date of such awards; (c) permit a service provider to transfer or assign awards to a new beneficial holder, other than for estate settlement purposes; (d) increase the maximum limit on the number of securities that may be issued to insiders or individual service providers; or (e) amend the amendment clause. In addition, no amendment to the Award Plan or awards granted pursuant to the Award Plan may be made without the consent of the service provider if it adversely alters or impairs any award previously granted to such service provider under the Award Plan.

If a service provider ceases to be a director, officer, consultant, employee or other service provider, as applicable of us or our subsidiaries, or ceases to be providing active services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise, but excluding the service provider's death, all outstanding award agreements and awards issued to the service provider will be terminated and all rights to receive payment of the award shall be forfeited and such service provider may only receive payment of awards where the payment date of the award occurs within sixty (60) days from the date of ceasing to be a director, officer or an employee or ceasing to provide services to us on an ongoing basis. If a service provider dies prior to the payment date of an award, the service provider's legal representative may receive payment for any awards where the payment date occurs within the earlier of the expiry date of such award and six (6) months from the service provider's death and prior to the expiry date.

Text of Resolution

At the Meeting, shareholders will be asked to consider the following ordinary resolution re-approving the Award Plan:

> "**BE IT RESOLVED**, as an ordinary resolution of the shareholders of Lucero Energy Corp. (the "**Corporation**") that:
>
> 1. the bonus award incentive plan, as described under the heading "*Matters to be Acted Upon at the Meeting – Re-Approval of Bonus Award Incentive Plan*" in the information circular – proxy statement of the Corporation dated April 12, 2023, is hereby re-approved and confirmed;
>
> 2. any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection therewith; and
>
> 3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order to be passed, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting. The persons named in the accompanying proxy will vote **IN FAVOUR** of the resolution to re-approve the Award Plan unless a shareholder specifies otherwise in the proxy.

Other Matters Coming Before the Meeting

Management knows of no other matters to come before the Meeting other than those referred to in the accompanying notice of annual and special meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited by this Information Circular will be voted on such matters in accordance with the best judgment of the person voting such proxy.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our named executive officers ("**Named Executive Officers**" or "**NEOs**") for the year ended December 31, 2022 were Brett Herman, the President & Chief Executive Officer, Jacob Roorda, the former President & Chief Executive Officer, Marvin Tang, the Vice President, Finance & Chief Financial Officer, Scott Pittman, the former Chief Financial Officer, Jason Skehar, the Chief Operating Officer, Sandy Brown, the Vice President, Geosciences, and Kristine Lavergne, the Vice President, Engineering.

Effective January 13, 2022, the Corporation appointed a new management team led by Brett Herman as President & Chief Executive Officer, Jason Skehar as Chief Operating Officer, Marvin Tang as Vice President, Finance & Chief Financial Officer, Sandy Brown as Vice President, Geosciences, Kristine Lavergne as Vice President, Engineering, and Shane Manchester as Vice President, Operations and Jacob Roorda departed as President & Chief Executive Officer, Scott Pittman departed a Chief Financial Officer and Rick Kessy departed as Chief Operating Officer. On February 22, 2022, Anthony Baldwin was appointed as Vice President, Business Development and in April 2022 Antonio Izzo departed as Senior Vice President, Corporate Development.

Compensation of our Named Executive Officers is reviewed annually by our Corporate Governance and Compensation Committee and is subsequently approved by our Board based on the recommendation of the Corporate Governance and Compensation Committee in accordance with our Corporate Governance and Compensation Committee Charter. Our Corporate Governance and Compensation Committee is currently comprised of M. Bruce Chernoff (Chair), David Rain and Gary Reaves. All members of the Corporate Governance and Compensation Committee are considered "independent" (as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**")). The primary responsibility of this committee is to assist our Board in fulfilling its responsibility by reviewing matters relating to our human resource policies and compensation of our directors, officers and employees. The members of the Corporate Governance and Compensation Committee are each experienced in compensation issues based on their present or prior involvement at the executive or board level with a variety of organizations. See "*Matters to be Acted Upon at the Meeting – Election of Directors*".

Our compensation program for our NEOs consists principally of a base salary and variable compensation, if any. Named Executive Officers may also participate in our Award Plan. We also have established an Option Plan, pursuant to which our Board, at its discretion, may grant options ("**Options**") to purchase our Common Shares to eligible participants, including NEOs. No Options have been granted to NEOs or directors since July 2016, and there are currently no Options outstanding. The Corporation has determined not to seek shareholder approval at the Meeting to re-approve the Option Plan and, accordingly, we will no longer be eligible to grant Options under the Option Plan.

Our Board's and the Corporate Governance and Compensation Committee's objective in setting compensation levels is that the aggregate compensation received by Named Executive Officers be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size and stage of development. The Corporate Governance and Compensation Committee's primary duties are to review and make recommendations to the Board regarding: (i) human resource policies, practices and structures; (ii) compensation policy and guidelines; (iii) management incentive and perquisite plans and any non-standard remuneration plans; (iv) senior management appointments and their compensation; and (v) any other initiatives as the Board may request. In determining such items, the Board and the Corporate Governance and Compensation Committee rely primarily on their own experience and knowledge.

Elements of Our Executive Compensation Program

Our compensation program for our executive officers is comprised of three (3) principal components: (i) base salary, and perquisites, (ii) short-term incentive compensation comprised of annual discretionary cash bonuses, and (iii) long-term incentive compensation comprised of share awards. Together, these components are designed to achieve the following key objectives:

- to align the compensation framework so as to promote and support the Corporation's overall business strategy and long term strategic plans and objectives;
- to provide market competitive compensation that is significantly performance based by ensuring that a significant portion of annual (cash bonuses) and long-term (share awards) incentive compensation is tied to share performance and corporate performance and, therefore, is at risk (not guaranteed) and variable year over year;
- to provide incentives which encourage and align employee objectives and performance with both superior corporate performance and retention of highly skilled and talented employees; and
- to align long-term executive compensation with shareholder interests by awarding a significant portion of long-term incentive compensation in the form of performance awards under the Award Plan.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competiveness of the Corporation's compensation package. The fixed element of compensation provides a competitive base of secure compensation required to attract and retain executive talent. The variable performance based, or "at risk" compensation, is designed to encourage management behaviours which contribute to both short-term and long-term performance of the Corporation. At more senior levels of the organization, a significant portion of compensation eligible to be paid is variable performance based compensation which places a greater emphasis on rewarding executives for their individual contributions, business results of the Corporation and long-term value creation for shareholders. Where applicable, awarding a significant portion of long-term incentive compensation in the form of awards under our Award Plan provides, through the value of the Common Shares, a direct link with shareholder return.

When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, as well as benchmarking the Corporation's performance to its peers, the Corporate Governance and Compensation Committee reviews the compensation practices of companies in its selected peer group (the "**Peer Group**"). Compared to the Corporation, the Peer Group operates in similar business environments, are publicly traded and are, in certain instances, entities of similar size, scope and complexity. They also have executive officer positions similar to those within our organization that reflect the scope of responsibilities required at the executive level. This Peer Group also reflects, in certain instances, the market in which we compete for executive talent. In the most recently completed financial year, the Peer Group for these purposes included Gear Energy Ltd., Headwater Exploration Inc., Journey Energy Inc., Yangarra Resources Ltd., Bonterra Energy Corp., Surge Energy Inc., Pine Cliff Energy Ltd., Cardinal Energy Ltd., Enerplus Corporation, SilverBow Resources, Inc., Vital Energy, Inc. (formerly Laredo Petroleum, Inc.) and Abraxas Petroleum Corporation.

Each element of our executive compensation program is described below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer’s primary duties and responsibilities and the level of skills and experience required to successfully perform his or her role. The payment of base salaries is a fundamental component of the Corporation’s compensation program. The Corporation intends to pay base salaries to our executive officers, including our President and Chief Executive Officer that are competitive with those for similar positions within our selected peer group. Salaries of our executive officers, including that of our President and Chief Executive Officer, are reviewed annually by the

Corporate Governance and Compensation Committee based upon a review of corporate and personal performance and individual levels of responsibility. Salaries for executive officers are not determined based on specific benchmarks, performance goals or a specific formula.

Short-Term Incentive Compensation – Annual Cash Bonuses

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which our Board, upon recommendation of the Corporate Governance and Compensation Committee, may award annual cash bonuses to all employees, including executive officers. The bonus element of the Corporation's executive compensation program is designed to retain top quality talent and reward both corporate and individual performance during the Corporation's most recently completed financial year. To determine bonus awards for senior personnel, including the Named Executive Officers, the Corporate Governance and Compensation Committee considers both the executive's personal performance and the performance of the Corporation, including where applicable relative to our peers. In terms of corporate performance, the following was used to determine our 2022 corporate scorecard performance. As noted below our corporate scorecard includes both quantitative and qualitative analysis. The corporate measures include strategic, financial, operational, and environmental and health and safety criteria set at the beginning of the year either through the board approval process of the 2022 budget or through internal targets set by our President & Chief Executive Officer.

In 2022, our Corporate Governance & Compensation Committee assessed our performance relative to our 2022 corporate performance scorecard. The following tables summarize the results of that assessment for each of the key metrics:

2022 Financial Metrics (25% Weighting)	Target	2022 Results	2022 Relative to Target (80% to 120%)	Specific Weight-ing	Component Performance (% of Target)
Balance Sheet Strength and Flexibility	Debt per boepd at YE'22 less than C$10k/boepd	Outperformed	120%	10.0%	12.0%
	Average Debt to Cash flow at or below 1.0x				
	Maintain credit facility and expand syndicate				
Controllable Costs	G&A at or below budget	Performed	100%	2.0%	2.0%
Financial and Operational Forecasting	Accurate, reliable decision processes & models	Outperformed	120%	5.0%	6.0%
Stock Liquidity	Coincide with transformational acquisition to increase stock liquidity	Underperformed	80%	8.0%	4.0%

(continued)

2022 Strategic Metrics (30% Weighting)	Target	Ranking	2022 Relative to Target (80% to 120%)	Specific Weight-ing	Component Performance (% of Target)
Total Return	Q4-over-Q4 production growth, plus free cash flow yield, relative to budget	Performed	100%	5.0%	5.0%
Payout Ratio[(1)]	Less than 50%	Outperformed	120%	5.0%	6.0%
Reserves Management	Reserves growth relative to production growth Positive technical revisions	Performed	100%	5.0%	5.0%
Capital Markets Exposure	Increase investor exposure	Outperformed	120%	5.0%	6.0%
Acquisitions	Acquisitions that strengthen the business (decline, netback, inventory)	Underperformed	80%	10.0%	8.0%

2022 Operational Metrics (30% Weighting)	Target	Ranking	2022 Relative to Target (80% to 120%)	Specific Weight-ing	Component Performance (% of Target)
Production Management	Meet production guidance as per budget	Performed	100%	10.0%	10.0%
Controllable Costs	Operated opex year-over-year change	Outperformed	120%	5.5%	6.6%
Capital Expenditures[(1)]	At or below budget	Performed	100%	9.0%	9.0%
Production Decline Management	Maintained at or below 30%	Outperformed	120%	5.5%	6.6%

2022 Social and Governance (7% Weighting)	Target	Ranking	2022 Relative to Target (80% to 120%)	Specific Weight-ing	Component Performance (% of Target)
Management Engagement, Communication and Culture	Compensation Committee analysis of 2022 peer group	Outperformed	120%	1.75%	2.1%
Staff Engagement and Culture		Outperformed	120%	1.75%	2.1%
Voluntary Employee Attrition Rate		Performed	110%	1.75%	1.9%
Corporate Social Responsibility & Community Relations		Outperformed	120%	1.75%	2.1%

(continued)

2022 HS&E Metrics (8% Weighting)	Target	Ranking	2022 Relative to Target (80% to 120%)	Specific Weight-ing	Component Performance (% of Target)
Recordable Injury (RI) Frequency Relative to Industry	Better than industry average	Outperformed	120%	2.0%	2.4%
Lost Time Injury (LTI) Frequency Relative to Industry	Better than industry average	Outperformed	120%	2.0%	2.4%
Size of Spills Impacting the Environment Relative to Industry	Better than industry average	Outperformed	120%	2.0%	2.4%
GHG Emissions Intensity	Better than industry average	Outperformed	120%	2.0%	2.4%
Total				**100.0%**	**104.0%**

(1) The corporate scorecard includes terms commonly used in the oil and natural gas industry, which do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities. See "*Non-GAAP Measurements*".

In 2022, we achieved strong performance on each of the Scorecard measures resulting in an overall corporate performance score of 104.0%. As a result, the Corporate Governance & Compensation Committee recommended, and the Board approved, an overall 2022 company bonus pool of approximately C$2.3 million.

Personal performance of employees is evaluated by our President & Chief Executive Officer and is based on certain factors such as demonstrated leadership and individual contributions to the success of the Corporation. Personal performance for each executive officer is evaluated by the Corporate Governance and Compensation Committee in consultation with our President & Chief Executive Officer and is based on an analysis of the individual's contribution to the corporate performance of the Corporation. After assessing corporate and personal performance, the Corporate Governance and Compensation Committee reviews, at its discretion, such other factors it considers relevant to its decision as to whether bonuses will be payable and, if so, the amounts of such bonuses. The proposed bonus amounts for executive officers are then recommended by the Corporate Governance and Compensation Committee for review, discussion and approval by our Board.

Long-Term Incentive Compensation

Since November 2017, grants of share-based awards under our Award Plan have formed the primary component of our long-term incentive compensation program. This plan is a full-value award plan pursuant to which restricted awards and, commencing in 2019, performance awards may be granted to our directors, officers, employees and consultants. For further information, see "*Executive Compensation – Incentive Plans – Outstanding Share-Based and Option-Based Awards – Bonus Award Incentive Plan*".

Each restricted award entitles the holder to an amount computed by the value of a notional number of Common Shares designated in the award on dates determined by the Board.

Each performance award, when granted, will entitle the holder to an amount computed by the value of a notional number of Common Shares designated in the award multiplied by a payout multiplier. The payout multiplier is dependent on our performance relative to pre-defined corporate performance measures for a particular period and, for a particular period, can be a range of 0x to 2x.

Our Corporate Governance and Compensation Committee is responsible for recommending to the Board the allocation of share awards between restricted and performance awards. The performance awards, through the payout multiplier, are intended to provide a direct link between corporate performance and the level of payout received. The Corporate Governance and Compensation Committee believes that the pay for performance orientation of the performance awards is aligned with shareholder interests. The portion of performance awards received relative to restricted awards is expected to increase with greater levels of responsibility, with more performance awards expected to be granted to senior employees (including Named Executive Officers) as compared to restricted awards.

The Corporate Governance and Compensation Committee has established the corporate performance measures listed in the table below for purposes of calculating the payout multiplier in respect of the performance awards that vest during 2023 based upon financial, operating and other results for the year ended December 31, 2022. The Compensation Committee met in March 2023 to assess the Corporation's annual performance relative to such pre-established corporate performance measures and to calculate the resulting annual payout multiplier for performance awards that vest during 2023, as follows:

Corporate Performance Measure	Results	Ranking	Weighting	Weighted Ranking
Relative Total Shareholder Return ("**TSR**") for the 1-year period ended December 31, 2022	Our TSR of 31% ranked 7th out of 13 companies in our Peer Group for this period.	1.0	20%	0.20
Development and Execution of Strategic Plan	The Corporate Governance & Compensation Committee and Board evaluated the executive team's performance and assigned a ranking.	1.25	20%	0.25
Relative Recycle Ratio for a 1-year period ended December 31, 2022 (including future development costs)	Our 1-year PDP recycle ratio in 2022 was 3.1x. We ranked in the third quartile (above median) out of our Peer Group for this period.	1.5	20%	0.30
2022 Production Volumes	2022 average & exit production volumes were in-line with our initial guidance range.	1.0	20%	0.20
Health, Safety and Environment	The Compensation Committee evaluated our overall performance and assigned a ranking.	2.0	20%	0.40
			Overall Corporate Ranking	**1.35**
			Payout Multiplier in respect of the performance awards that vest in 2023	**1.35**

Based on our overall corporate ranking of 1.35, our current annual payout multiplier is 1.35. This payout multiplier will be used to determine the number of common shares to be issued pursuant to the applicable performance awards that vest in 2023. For those performance awards where the issue date is the second or third anniversary of the grant date, the payout multiplier will be the arithmetic average of the applicable payout multiplier for each of the two or three preceding years, respectively. The 2020 and 2021 payout multipliers were 1.14 and 1.00, respectively.

In order to assist the Corporate Governance and Compensation Committee in determining the appropriate level of executive compensation and to assess the competitiveness of its executive compensation programs, the Corporate Governance and Compensation Committee may consider compensation of other organizations within the oil and gas industry and competitive market data as contained in an analysis compiled by our management, including the Peer Group noted above.

When establishing compensation levels for executive officers, we may participate in annual industry surveys. These industry surveys include executive compensation information for select executive officers' positions. The surveys are conducted by independent consultants and they provide information on salaries and other incentive programs in effect at comparative oil and gas companies.

Summary Compensation Table

The following table sets forth information concerning the total compensation earned during the years ended December 31, 2020, 2021 and 2022 to our Named Executive Officers.

Name and principal position	Year	Salary ($)	Non-equity incentive plan compensation ($)		Option-based awards[2] ($)	Share-based awards[3] ($)	All other compensation[4] ($)	Total compensation ($)
			Annual incentive plans[1]	Long-term incentive plans				
Brett Herman[5] President & Chief Executive Officer	2022	441,184	400,000	-	-	5,827,907	5,917	6,675,009
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Jacob Roorda[6] Former President & Chief Executive Officer	2022	86,360	388,713	-	-	551,977	-	1,027,050
	2021	379,110	-	-	-	-	-	379,110
	2020	132,454		-	-	280,000	-	412,454
Marvin Tang[7] Vice President, Finance & Chief Financial Officer	2022	235,298	186,400	-	-	1,541,231	5,917	1,968,847
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Scott Pittman[8] Former Chief Financial Officer	2022	34,101	-	-	-	-	137,461	171,562
	2021	379,110	25,274	-	-	226,038	10,615	641,037
	2020	31,830	-	-	-	144,000	-	175,830
Jason Skehar[9] Chief Operating Officer	2022	264,711	186,400	-	-	2,150,164	5,917	2,607,192
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Sandy Brown[10] Vice President, Geosciences	2022	235,298	186,400	-	-	1,541,231	5,917	1,968,847
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
Kristine Lavergne[11] Vice President, Engineering	2022	235,298	186,400	-	-	1,541,231	5,917	1,968,847
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-

Notes:

(1) Represents discretionary cash bonuses.

(2) No option-based awards were granted to the Named Executive Officers for the 2020, 2021 and 2022 fiscal years.

(3) Represents restricted awards and performance awards. The fair value of the restricted awards and performance awards has been calculated based on the market price of our Common Shares at the grant date for purposes of consistency with our financial statements. The calculation assumes a payout multiplier of 1.0x for the performance awards. The grants in 2022 to Brett Herman, Marvin Tang, Jason Skehar, Sandy Brown and Kristine Lavergne were the first grants to these NEOs under our Award Plan and represent three years of vesting. These awards vest as one-third per year for a period of three years commencing in September 2023. These amounts are not necessarily reflective of actual amounts that may be realized.

(4) These amounts reflect parking allowances and medical benefits, and specifically for Mr. Pittman also includes termination payments.

(5) Mr. Herman was appointed our President & Chief Executive officer effective January 13, 2022. The compensation of Mr. Herman for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Herman during such year, except for share-based awards, see note (3). For the years ended December 31, 2022, December 31, 2021 and December 31, 2020, Mr. Herman did not earn any compensation in his capacity as a director of the Corporation.

(6) Mr. Roorda was appointed our President and Chief Executive Officer effective August 24, 2020 and departed as President & Chief Executive Officer on January 13, 2022. The compensation of Mr. Roorda for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Roorda during such year. For the years ended December 31, 2021 and December 31, 2020, Mr. Roorda did not earn any compensation in his capacity as a director of the Corporation, however upon ceasing to be an executive officer of the Corporation in 2022, Mr,. Roorda received $52,500 in director fees in 2022.

(7) Mr. Tang was appointed our Vice President, Finance & Chief Financial Officer effective January 13, 2022. The compensation of Mr. Tang for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Tang during such year, except for share-based awards, see note (3).

(8) Mr. Pittman was appointed our Chief Financial Officer on November 30, 2020 and departed as Chief Financial Officer in January 2022. The compensation of Mr. Pittman for the years ended December 31, 2020 and December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Pittman during such years.

(9) Mr. Skehar was appointed our Chief Operating Officer effective January 13, 2022. The compensation of Mr. Skehar for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Skehar during such year, except for share-based awards, see note (3).

(10) Mr. Brown was appointed our Vice President, Geosciences effective January 13, 2022. The compensation of Mr. Brown for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Mr. Brown during such year, except for share-based awards, see note (3).

(11) Ms. Lavergne was appointed our Vice President, Engineering effective January 13, 2022. The compensation of Ms. Lavergne for the year ended December 31, 2022, as set forth above, reflects the actual amounts earned by Ms. Lavergne during such year, except for share-based awards, see note (3).

(12) All amounts in the above table are in $CDN. Any amounts paid in $US were converted to $CDN using the Bank of Canada exchange rate in effect as at the last day of the particular period, which for December 31, 2020 was $US 1.00 = $CDN 1.27, December 31, 2021 was $US 1.00 = $CDN 1.27 and December 30, 2022 was $US 1.00 = $CDN 1.35.

Incentive Plans

Outstanding Share-Based and Option-Based Awards

Bonus Award Incentive Plan

Our Award Plan was approved by the shareholders on June 16, 2016, with certain amendments thereto approved on July 6, 2017, November 27, 2017, July 3, 2019, May 19, 2021 and April 9, 2022. Our Award Plan is a "rolling" plan that provides that our Board may from time to time, in its discretion, grant to our directors, officers, employees and consultants, and those of our subsidiaries, partnerships, trusts and other controlled entities, an award of a notional number of Common Shares. As a "rolling" plan, the aggregate number of Common Shares that may be reserved for issuance under Award grants under our existing Award Plan may not exceed 10% of our issued and outstanding Common Shares and non-voting common shares, less the number of Common Shares reserved under the Option Plan, if any. There were 22,294,695 share-based awards granted to our Named Executive Officers during the year ended December 31, 2022.

The purpose of the Award Plan is to issue awards in order to: (i) retain and attract qualified directors, officers, consultants, employees and other services providers, as applicable, for us or our subsidiaries, partnerships, trusts and other controlled entities; and (ii) promote alignment by such persons with our business objectives and to encourage such persons to remain in our employ or service and put forth maximum efforts for the success of our affairs or the affairs of our subsidiaries, partnerships, trusts and other controlled entities.

The number of Common Shares issuable pursuant to the Award Plan to any one person in any twelve (12) month period will not exceed 5% of our Total Common Shares. Furthermore, pursuant to the Award Plan: (i) the number of Common Shares issuable to insiders, at any time, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the aggregate number of Total Common Shares; (ii) the number of Common Shares issued to insiders, within any one year period, under all Security Based Compensation Arrangements, including the Award Plan, shall not exceed 10% of the aggregate number of Total Common Shares; (iii) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one consultant in a 12 month period shall not exceed 2% of the aggregate number of Total Common Shares; (iv) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one person employed to provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in a 12 month period shall not exceed 2% of the aggregate number of Total Common Shares.

The Board, in its discretion, shall determine the timing of the payment date(s) and expiry date(s) for each award granted pursuant to the Award Plan. The Award Plan provides that for awards granted prior to a certain date, if a service provider is on a leave of absence during a payment date, such payment date will be extended by the portion of the leave of absence that is in excess of three (3) months, and further provided that if any such extension would cause the payment date to extend beyond the expiry date, unless the Board determines otherwise, the rights to receive any entitlements on such payment date shall be forfeited. Notwithstanding any leave of absence or expiry date set by the Board, all awards issued pursuant to the Award Plan will expire on the 15th of December of the third year following the year of the grant. All awards granted pursuant to the Award Plan are not transferrable outside of estate settlement purposes.

Grants under the Award Plan may be designated as either restricted awards or performance awards.

Restricted Awards

Each restricted award entitles the holder to an amount computed by the value of a notional number of Common Shares designated in the award to be paid as to an agreed upon portion on each of the first, second and third anniversary dates of the date of grant (or such earlier or later dates as may be determined by the Board).

Performance Awards

Each performance award will entitle the holder to an amount computed by the value of a notional number of Common Shares designated in the award multiplied by a payout multiplier to be paid on the date(s) as may be determined by the Board. The payout multiplier is determined by the Board based on an assessment of the achievement of certain pre-defined corporate performance measures in respect of the applicable period. Corporate performance measures will be performance criteria established by the Board in its sole discretion in respect of each period, which criteria may include, but need not be limited to, the total shareholder return of the Common Shares compared to an index, sub-index or identified group of peers and our performance with respect to operational and financial benchmarks compared to an identified group of peers, market guidance or financial plan. The payout multiplier for a particular period can be a range of 0x to 2x, depending on the satisfaction of the performance criteria as determined by the Board from time to time. For those performance awards where the issue date is the second or third anniversary of the grant date, the payout multiplier will be the arithmetic average of the applicable payout multiplier for each of the two (2) or three (3) preceding years, respectively.

On the payment date of the award to a service provider, the Board, in its sole and absolute discretion, shall have the option of settling the award payable to the service provider by any of the following methods: (i) payment in cash; (ii) payment in Common Shares acquired by us on a stock exchange; or (iii) payment in Common Shares issued from our treasury, provided that, if required pursuant to the rules of the TSXV, if the Corporation does not have a sufficient number of Common Shares available for issuance to satisfy its obligations as a result of the payout multiplier in respect of any performance award, the Corporation shall settle such applicable award value (or any applicable portion thereof) in cash or through the acquisition of Common Shares as contemplated in this paragraph, to the extent such settlement in Common Shares would exceed the applicable limitations. A recipient of an award does not have any right to demand to be paid in or receive Common Shares in respect of the award, at any time.

If a service provider ceases to be a director, officer, consultant, employee or other service provider, as applicable of us or our subsidiaries, or ceases to be providing active services to us on an ongoing basis for any reason whatsoever, including without limitation resignation, dismissal or otherwise, but excluding the service provider's death, all outstanding award agreements and awards issued to the service provider will be terminated and all rights to receive payment of the award shall be forfeited and such service provider may only receive payment of awards where the payment date of the award occurs within sixty (60) days from the date of ceasing to be a director, officer or an employee or ceasing to provide services to us on an ongoing basis. If a service provider dies prior to the payment date of an award, the service provider's legal representative may receive payment for any awards where the payment date occurs within six (6) months from the service provider's death and prior to the expiry date.

The Award Plan provides for cumulative adjustments to the award value of awards on each date that dividends are paid on the Common Shares by an amount equal to a fraction having as its numerator the amount of the dividend per Common Share and having as its denominator the price per Common Share at which share dividends are issued pursuant to our share dividend program (or any dividend reinvestment program operated by us from time to time in lieu of the share dividend program) with respect to such dividend.

Our Board can amend or discontinue the Award Plan or awards granted thereunder at any time without shareholder approval, provided any amendment to the Award Plan that requires approval of the TSXV may not be made without approval of the TSXV. However, without the prior approval of the shareholders, as may be required by such exchange, we may not make any amendment to the Award Plan or awards granted thereunder to: (a) increase the aggregate number of Common Shares issuable on exercise of outstanding awards at any time; (b) extend the term of any outstanding awards beyond the original expiry date of such awards; (c) permit a service provider to transfer or assign awards to a new beneficial holder, other than for estate settlement purposes; (d) increase the maximum limit on the number of securities that may be issued to insiders or individual service providers; or (e) amend the amendment clause. In addition, no amendment to the Award Plan or awards granted pursuant to the Award Plan may be made without the consent of the service provider if it adversely alters or impairs any award previously granted to such service provider under the Award Plan.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, re-approve the Award Plan as described under "*Matters to be Acted Upon at the Meeting – Re-Approval of Bonus Award Incentive Plan*".

The following table sets forth information concerning option-based and share-based awards held by our Named Executive Officers as at December 31, 2022.

	Option-Based Awards(1)				**Share-Based Awards(2)**		
Name and Principal Position	**Number of securities underlying unexercised options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of Share-based awards that have not vested ($)(3)**	**Market or payout value of vested Share-based awards not paid out or distributed ($)**
Brett Herman President & Chief Executive Officer	-	-	-	-	9,767,442	5,372,093	-
Jacob Roorda Former President & Chief Executive Officer	-	-	-	-	174,419	95,930	-
Marvin Tang Vice President, Finance & Chief Financial Officer	-	-	-	-	2,583,069	1,420,688	-
Scott Pittman(4) Former Chief Financial Officer	-	-	-	-	-	-	-
Jason Skehar Chief Operating Officer	-	-	-	-	3,603,627	1,981,995	-
Sandy Brown Vice President, Geosciences	-	-	-	-	2,583,069	1,420,688	-
Kristine Lavergne Vice President, Engineering	-	-	-	-	2,583,069	1,420,688	-

Notes:

(1) The Corporation has no option-based awards outstanding.
(2) Represents restricted awards and performance awards which are settled over three (3) years and expire on December 15th on the third year following the year of grant. The value of the restricted award and performance award may be settled in cash, Common Shares or a combination thereof at our discretion.
(3) Calculated by multiplying the number of restricted awards and performance awards that had not been settled by December 31, 2022 by the market price of our Common Shares on the TSXV on December 30, 2022 of $0.55.
(4) Mr. Pittman's restricted awards and performance awards were forfeited when he departed as Chief Financial Officer in January 2022.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of option-based and share-based awards held by Named Executive Officers that vested during the year ended December 31, 2022.

Name	Option-Based Awards – Value Vested During the Period ($)(1)	Share-Based Awards – Value Vested During the Period ($)(2)	Non-equity Incentive Plan Compensation – Value Earned During the Period ($)(3)
Brett Herman	-	-	400,000
Jacob Roorda	-	680,000	-
Marvin Tang	-	-	186,400
Scott Pittman	-	-	-
Jason Skehar	-	-	186,400
Sandy Brown	-	-	186,400
Kristine Lavergne	-	-	186,400

Notes:

(1) The Corporation has no option-based awards outstanding.
(2) The value of the share-based awards has been calculated based on the market price of our Common Shares at close on the vesting date.
(3) Reflects the bonus earned by the NEO in respect of the last completed financial year and paid in 2023. See "*Summary Compensation Table*".

Pension Plan Benefits

We do not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

Termination and Change of Control Benefits

There are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from us or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of us or any subsidiary thereof or any change in such Named Executive Officer's responsibilities following a change in control, where the Named Executive Officer is entitled to payment or other benefits.

Compensation Risk Assessment and Mitigation

The Corporate Governance and Compensation Committee considers the implications of the risks associated with our compensation policies and practices when determining rewards for its executives and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Corporate Governance and Compensation Committee does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on us.

Our compensation program includes several mechanisms to ensure risk-taking behavior falls within reasonable risk tolerance levels, including: (i) a balanced compensation mix between fixed and variable and between short and long-term incentives that defer award value; (ii) having a cap on short-term incentive awards; (iii) establishment of a compensation package within the range of competitive practices (peer group); and (iv) utilizing longer-term incentive plans for diversification and alignment with risk realization periods (share based awards).

Our officers and directors are not permitted to take any derivative or speculative positions in our securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of our securities.

Management Contracts

None of our management functions are, to any substantial degree, performed by a person or company other than our directors or executive officers (or private companies controlled by them, either directly or indirectly).

DIRECTOR COMPENSATION

During the year ended December 31, 2022 we provided directors a cash retainer in the amount of $50,000 per annum and a retainer of $2,500 per committee served and an additional $5,000 for the Chair of a committee. Mr. Gary Reaves, as a representative of First Reserve, will not receive any cash or other retainers (including equity-based compensation) from the Corporation for serving on the Board of Directors. Director may also be compensated for their services in their capacity as directors with the granting from time to time of share-based awards in accordance with the terms of the plans governing such grants and the policies of the TSXV. We have purchased, at our expense, a directors' and officers' liability insurance policy. This covers our directors and officers against liability incurred by them in their capacities as our directors and officers. The tables below do not include any disclosures in respect of Mr. Jacob Roorda and Mr. Brett Herman who each served as an officer of the Corporation in 2022. Neither Mr. Roorda nor Mr. Herman received any additional compensation, in their capacity as a director of the Corporation, in 2022, other than Mr. Roorda received director fees and received a grant of share awards (each of which were earned and/or received after Mr. Roorda ceased to be an executive officer of the Corporation). For additional disclosures with respect to Mr. Roorda and Mr. Herman for the year ended December 31, 2022, please see "*Executive Compensation*" above.

Directors' Summary Compensation Table

The following table summarizes all compensation provided to our directors, other than directors who were also Named Executive Officers, during the year ended December 31, 2022. Our directors, other than directors who were also Named Executive Officers, did not receive any additional compensation during the year ended December 31, 2022.

Name	Fees Earned ($)	Option-Based Awards[1] ($)	Share-Based Awards[2] ($)	Non-equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
M. Bruce Chernoff	60,000	-	81,977	-	-	-	141,977
David Rain	60,000	-	81,977	-	-	-	141,977
Gary Reaves[3]	-	-	-	-	-	-	-
Dale Shwed[4]	60,000	-	81,977	-	-	-	141,977

Note:

(1) No option-based awards were granted to the directors for the 2022 fiscal year.

(2) Represents restricted awards. The fair value of the restricted awards has been calculated based on the market price of our Common Shares at the grant date for purposes of consistency with our financial statements. These amounts are not necessarily reflective of actual amounts that may be realized.

(3) Mr. Reaves, as a representative of First Reserve, will not receive any cash or other retainers (including equity-based compensation) from the Corporation for serving on the Board of Directors.

(4) Mr. Shwed was appointed to the Board in January 2022.

The following table sets forth for each of our directors, other than directors who are also Named Executive Officers, all option-based and share-based awards outstanding for the year ended December 31, 2022.

	Option-Based Awards[(1)]				Share-Based Awards[(2)]		
Name	**Number of securities underlying unexercised options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of Share-based awards that have not vested ($)[(3)]**	**Market or payout value of vested Share-based awards not paid out or distributed ($)**
M. Bruce Chernoff	-	-	-	-	174,419	95,930	-
David Rain	-	-	-	-	341,086	187,597	-
Gary Reaves[(4)]	-	-	-	-	-	-	-
Dale Shwed[(5)]	-	-	-	-	174,419	95,930	-

Notes:

(1) The Corporation has no option-based awards outstanding.
(2) Represents awards which are settled equally over three (3) years and expire on December 15th on the third year following the year of grant. The value of the award may be settled in cash, Common Shares or a combination thereof at the Board's discretion.
(3) Calculated by multiplying the number of restricted awards and performance awards that had not been settled by December 31, 2022 by the market price of our Common Shares on the TSXV on December 30, 2022 of $0.55.
(4) Mr. Reaves, as a representative of First Reserve, will not receive any cash or other retainers (including equity-based compensation) from the Corporation for serving on the Board of Directors.
(5) Mr. Shwed was appointed to the Board in January 2022.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of option-based and share-based awards held by directors, other than directors who are also Named Executive Officers, which vested during the year ended December 31, 2022.

Name	**Option-Based Awards – Value Vested During the Period ($)[(1)]**	**Share-Based Awards – Value Vested During the Period ($)[(2)]**	**Non-equity Incentive Plan Compensation – Value Vested During the Period ($)**
M. Bruce Chernoff	-	-	-
David Rain	-	120,000	-
Gary Reaves[(3)]	-	-	-
Dale Shwed[(4)]	-	-	-

Notes:

(1) The Corporation has no option-based awards outstanding.
(2) The value of the restricted awards and performance awards have been calculated based on the market price of our Common Shares at close on the vesting date.
(3) Mr. Reaves, as a representative of First Reserve, will not receive any cash or other retainers (including equity-based compensation) from the Corporation for serving on the Board of Directors.
(4) Mr. Shwed was appointed to the Board in January 2022.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to compensation plans under which our Common Shares are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[3] (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[3] [4] (c)
Equity compensation plans approved by securityholders:			
Option Plan[1]	-	-	66,241,069
Award Plan[2]	32,381,617	N/A	33,859,452
Equity compensation plans not approved by securityholders:			
Warrants[4]	23,750,000	$0.475	-
Total	56,131,617	$0.475	100,100,521
Total maximum number of securities remaining available for issuance			10,109,452[5]

Notes:

(1) Our Option Plan allows for Options to be granted, provided that the aggregate number of Common Shares reserved for issuance under the Option Plan does not exceed 10% of the aggregate number of issued and outstanding Common Shares and common non-voting shares, less the number of Common Shares reserved under our Award Plan. The Corporation has determined not to seek shareholder approval at the Meeting to re-approve the Option Plan and, accordingly, we will no longer be eligible to grant Options under the Option Plan.

(2) Our Award Plan allow for awards to be granted, provided that the aggregate number of Common Shares reserved for issuance under the Award Plan does not exceed 10% of the aggregate number of issued and outstanding Common Shares and common non-voting shares, less the number of Common Shares reserved under our Option Plan.

(3) Each of these amounts reflects the maximum amount issuable under each plan, before reduction by the amount of Common Shares reserved under the other plan. See "*Executive Compensation – Incentive Plans – Outstanding Share-Based and Option-Based Awards – Stock Option Plan and Restricted Awards*". As at December 31, 2022, the maximum number of additional securities remaining available under the Option Plan is 66,241,069 less 56,131,617 Common Shares reserved under the Award Plan and the number of Warrants (as defined below) outstanding. The maximum number of additional securities remaining available under the Award Plan is 33,859,452 less 23,750,000 Common Shares reserved under the Option Plan and the number of Warrants.

(4) Pursuant to a non-brokered private placement in February 2022, the Corporation issued 23,750,000 warrants (the "**Warrants**") entitling the holder to purchase one Common Share at a price of $0.475 per Common Share for a period of five years from the issuance date. The Warrants will vest and become exercisable as to one-third upon the twenty-day volume weighted average trading price of the Common Shares (the "**Trading Price**") equalling or exceeding $0.67 per Common Share, an additional one-third upon the Trading Price equalling or exceeding $0.83 per Common Share and the final one-third upon the Trading Price equalling or exceeding $0.95 per Common Share.

(5) This number is calculated by taking 66,241,069 Common Shares (which represents 10% of the issued and outstanding Common Shares as at December 31, 2022) and subtracting from that number 56,131,617 Common Shares (which represents the number of Common Shares to be issued upon exercise of outstanding Awards and outstanding Warrants as set forth in column (a) above).

GOVERNANCE DISCLOSURE

National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") has been adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

Our Board believes that good corporate governance improves corporate performance and benefits all shareholders. The following sets out our approach to corporate governance and addresses our compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with us. A "material relationship" is a relationship which could, in the view of our Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Our management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on our business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. Our Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through the Audit Committee, our Board examines the effectiveness of our internal control processes and information systems.

The independent members of our Board are Gary Reaves, David Rain, Dale Shwed and M. Bruce Chernoff. Mr. Jacob Roorda is not an independent director since he has served as President and Chief Executive Officer of the Corporation in the past three years as set forth in National Instrument 58-101 - *Disclosure of Corporate Governance Practice*s. Mr. Herman is not an independent director since he is the President and Chief Executive Officer of the Corporation. Although Mr. David Rain has served, in the last three years, as Interim Chief Executive Officer, the Board has considered the guidance and requirements with respect to director independence and, as a result of the same, has determined that by virtue of Mr. Rain's interim appointment as Chief Executive Officer, such appointment does not preclude Mr. Rain's independence, and further it has been in excess of three years since Mr. Rain served as Chief Financial Officer of the Corporation.

Although our independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, at the end of or during each meeting of our Board or any committee of the Board, the members of our management who are present at such meeting leave the Meeting in order that the non-management directors can discuss any necessary matters without management being present.

Position Descriptions

Our Board has approved written position descriptions or terms of reference for our chairman and the chairman of each of our Audit Committee, our Corporate Governance and Compensation Committee and our Reserves Committee.

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

Director	Names of Other Issuers
M. Bruce Chernoff	Canoe Financial Corp. (General Partner of Canoe Financial LP, the Manager of Canoe EIT Income Fund) and Maxim Power Corp.
Brett Herman	None
David Rain	Canoe Financial Corp. (General Partner of Canoe Financial LP, the Manager of Canoe EIT Income Fund)
Gary Reaves	Crestwood Equity GP LLC (General Partner of Crestwood Equity Partners LP)
Jacob Roorda	Epsilon Energy Ltd.
Dale O. Shwed	Crew Energy Inc. and InPlay Oil Corp.

Orientation and Continuing Education

While we do not currently have a formal orientation and educational program for new recruits to our Board, we provide such orientation and education on an informal basis. We provide new Board members with our corporate policies, historical information about us, as well as information on our performance and our strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. Our Board believes that these procedures are a practical and effective approach in light of our particular circumstances, including our size and limited turnover of the directors and the experience and expertise of the members of our Board.

No formal continuing education program currently exists for our directors; however, we encourage directors to attend, enrol in or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

Ethical Business Conduct

Our Board has adopted a Code of Business Conduct and Ethics (the "**Code**"), a copy of which is available to review on our SEDAR profile at www.sedar.com. It is expected that each of our employees, officers and directors will confirm his or her understanding, acceptance and compliance of the Code on an annual basis. Any reports of variance from the Code will be reported to our Board.

Our Board has also adopted a *procedures for reporting a reportable activity* as part of our Code, which provides employees with the ability to have procedures in place to address the confidential, anonymous submission by employees of concerns regarding accounting, internal accounting controls or auditing matters, or to address the receipt, retention and treatment of concerns regarding accounting, internal accounting controls or auditing matters. Our Board believes that providing a forum for employees to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.

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

Nomination of Directors

Our Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out our Board's duties effectively and to maintain a diversity of views and experience while also taking into account the requirements and rights provided to First Reserve in respect of board representation as set forth in the Investor Rights Agreement. See "*Voting Matters – Voting Shares and Principal Holders*" and "*Matters to be Acted Upon at Meeting – Election of Directors – Biographies of Directors*".

Our corporate governance and compensation committee acts as the nominating committee of our Board and reviews the size and composition of our Board and nominating functions are then performed by the Board as a whole. Our corporate governance and compensation committee, which is responsible for nominating directors, is comprised of a majority of independent directors.

Board Committees

Our Board has three (3) committees: an Audit Committee, a Corporate Governance and Compensation Committee and a Reserves Committee.

Audit Committee

Our Audit Committee is currently comprised of David Rain (Chairman), Dale Shwed and Gary Reaves. All members of our audit committee are independent (as such term is defined in National Instrument 51 - 110 – *Audit Committees*) and all members of the audit committee are financially literate. Mr. Rain is a Chartered Professional Accountant and has extensive experience as a chief financial officer of public companies. Mr. Shwed has significant experience as a chief executive officer of public and private companies. Mr. Reaves is an experienced corporate finance professional and holds a B.B.A. from the University of Texas. For more information concerning our Audit Committee please see our Annual Information Form dated March 28, 2022 which is available on our SEDAR profile at www.sedar.com.

Reserves Committee

Our Reserves Committee is currently comprised of Dale O. Shwed (Chairman), Jake Roorda and Gary Reaves. A majority of the members of our Reserves Committee are "independent" (as such term is defined in NI 58-101) and satisfying the requirements of Section 3.5(1) of National Instrument 51 101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

Our Board has delegated to the Reserves Committee responsibility for matters set forth in respect of the responsibilities of the Board in relation to NI 51-101. These responsibilities include, but are not limited to:

- reviewing our procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under NI 51-101 and applicable securities requirements;

- reviewing our procedures for providing information to an independent evaluator of our reserves;

- meeting, as considered necessary, with management and any independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);

- reviewing the appointment of any independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;

- providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent evaluator and of management in connection therewith;

- reviewing our procedures for reporting other information associated with oil and gas producing activities; and

- generally reviewing all matters relating to the preparation and public disclosure of estimates of our reserves.

Assessments

Our Corporate Governance and Compensation Committee is responsible for assessing the effectiveness of our Board as a whole, the committees of our Board, the appointments to those committees and the mandates thereof. While no formal evaluation has been conducted to date, the committee has relied on informal evaluation of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board. This methodology has been both responsive and practical given the size of our Board.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our executive officers, directors, employees and former executive officers, directors and employees or any proposed nominee for election as a director or any associate of any director, officer or proposed nominee is or has been indebted to us at any time during the last completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere herein and as set forth below, none of our directors, officers, principal shareholders, or informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of our most recently completed financial year or in any proposed transactions which has materially affected or would materially affect us.

On January 13, 2022, the Corporation appointed a new management team (the "**New Management Team**") led by Brett Herman as President & Chief Executive Officer, Jason Skehar as Chief Operating Officer, Marvin Tang as Vice President, Finance & Chief Financial Officer, Sandy Brown as Vice President, Geosciences, Kristine Lavergne as Vice President, Engineering, and Shane Manchester as Vice President, Operations and one new independent director, Dale O. Shwed, to the Board. Prior to such appointments, Mr. Herman was a director of the Corporation, and continues to be a director of the Corporation. In connection with the foregoing, the Corporation completed a non-brokered private placement of units ("**Units**") with the New Management Team, new director and additional subscribers identified by the New Management Team, for gross proceeds of $9.5 million and a brokered private placement of Common Shares for gross proceeds of $45.0 million. Each Unit is comprised of one Common Share and one warrant (a "**Warrant**") entitling the holder to purchase one Common Share at a price of $0.475 per Common Share for a period of five years from the closing date. The Warrants will vest and become exercisable as to one-third upon the twenty-day volume weighted average trading price of the Common Shares (the "**Trading Price**") equalling or exceeding $0.67 per Common Share, an additional one-third upon the Trading Price equalling or exceeding $0.83 per Common Share and the final one-third upon the Trading Price equalling or exceeding $0.95 per Common Share.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as described herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting. For the purposes of this paragraph "Person" includes each person who: (i) has been one of our directors or executive officers at any time since the start of our last financial year; (ii) is a proposed nominee for election as one of our directors; or (iii) is an associate or affiliate of a person included in subparagraphs (i) or (ii).

ADDITIONAL INFORMATION

Additional information about us is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at *www.sedar.com*. Our financial information is provided in our comparative financial statements and management discussion and analysis which can also be accessed at *www.sedar.com*.

The delivery of this Information Circular has been approved by the Board.

NON-GAAP MEASUREMENTS

This information circular – proxy statement includes non-GAAP measures commonly used in the oil and natural gas industry. These non-GAAP measures and ratios do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS", or alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

"Capital expenditures" in a Non-GAAP measure that the Company uses to measure the Company's investments in capital compared to the Company's annual capital budget. The most directly comparable GAAP measure to capital expenditures is cash flow used in investing activities. See our Management's Discussion and Analysis for the year ended December 31, 2022 under "Non-GAAP and Other Financial Measures" for a description of such non-GAAP measure and a reconciliation to its closest GAAP measurement.

"Payout ratio" in a Non-GAAP ratio that represents capital expenditures divided by cash flow. The Company considers this to be a key measure of sustainability.

OIL & GAS DISCLOSURES

This information circular contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio". These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been calculated by management and are included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon. Recycle ratio is calculated as 2022's operating netback prior to hedging, divided by F&D or FD&A costs, as applicable, on a per Boe basis. Operating netback prior to hedging is calculated as revenue (excluding realized gain or loss on financial derivatives) minus royalties, operating expenses, production taxes and transportation expenses. Lucero's operating netback prior to hedging in 2022 averaged C$52.81 per Boe.