



Charter of the Board of Directors

GENERAL

1. **Purpose and Responsibility of the Board**

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of CGX Energy Inc. (the "Corporation") and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of the Corporation's business and affairs.

2. **Review of Charter**

The Board shall review and assess the adequacy of this Charter at such times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

3. **Definitions and Interpretation**

3.1 Definitions

In this Mandate:

- (a) "Audit Committee" means the audit committee of the Board;
- (b) "Compensation Committee" means the compensation committee of the Board;
- (c) "Corporation" means CGX Energy Inc.;
- (d) "Board" means the board of directors of the Corporation;
- (e) "CEO" means the Chief Executive Officer of the Corporation;
- (f) "Chair" means the chair of the Board;
- (g) "Charter" means this charter, as amended from time to time;
- (h) "Director" means a member of the Board;
- (i) "Executive Chair" means Executive Chairman of the Corporation
- (j) "OBCA" means the *Business Corporations Act* (Ontario), as amended;
- (k) "Governance Committee" means the governance committee of the Board; and

- (l) "Stock Exchange" means, at any time, the TSX Venture Exchange and any other stock exchange on which any securities of the Corporation are listed for trading at the applicable time.

3.2 Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the articles and by-laws of the Corporation, OBCA, and any other applicable legislation.

CONSTITUTION OF THE BOARD

4. **Election and Removal of Directors**

4.1 Number of Directors

The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in the Corporation's articles of incorporation at such time.

4.2 Election of Directors

Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected.

4.3 Vacancies

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the OBCA.

4.4 Ceasing to Be a Director

A Director will cease to hold office upon:

- (i) delivering a resignation in writing to the Corporation (or at such later date as may be specified in the resolution);
- (ii) being removed from office by an ordinary resolution of the shareholders at an annual or special meeting;
- (iii) his or her death; or
- (iv) becoming disqualified from acting as a Director.

5. **Criteria for Directors**

5.1 Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been found to be incapable of managing property or determined by a court to be incapable and does not have the status of bankrupt.

5.2 Residency

At least 25% of the Directors shall be resident Canadians.

5.3 Independence of Directors

At least a majority of the Directors shall be independent for the purposes of all applicable legal and Stock Exchange requirements unless allowed by Securities Rules.

5.4 Other Criteria

The Board may establish other criteria for Directors as contemplated in this Charter.

6. **Board Chair**

6.1 Chair to Be Appointed Annually

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of a Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

6.2 Position Description

Having regard to any recommendations of the Governance Committee, the Board may, if it deems it necessary or prudent, adopt a position description for the Chair and the chair of each committee of the Board.

7. **Remuneration of Directors**

7.1 Remuneration

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Compensation Committee.

MEETINGS OF THE BOARD

8. **Meetings of the Board**

8.1 Time and Place of Meetings

Meetings of the Board shall be called and held in the manner and at the location contemplated in the Corporation's by-laws.

8.2 Frequency of Board Meetings

Subject to the Corporation's by-laws, the Board shall meet at least four times per year on a quarterly basis.

8.3 Quorum

In order to transact business at a meeting of the Board at least a majority of Directors then in office shall be present.

8.4 Secretary of the Meeting

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

8.5 Right to Vote

Each member of the Board shall have the right to vote on matters that come before the Board.

8.6 Voting

Any matters to be determined by the Board shall be decided by a majority of votes cast at a meeting of the Board called for such purpose; actions of the Board may be taken by an instrument or instruments in writing signed by all of the members of the Board, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Board called for such purpose.

8.7 Invitees

The Board may invite any of the Corporation's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

8.8 Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her services.

9. **In Camera Sessions**

9.1 *In Camera Sessions of Non-Management Directors*

In connection with meetings of the Board, the non-management Directors shall, on a regular basis, meet without any member of management being present (including any Director who is a member of management).

9.2 *In Camera Sessions of Independent Directors*

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors shall, on a regular basis, meet with only independent Directors present.

DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD

10. **Delegation and Reliance**

10.1 Delegation to Committees

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board.

10.2 Requirement for Certain Committees

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and the Stock Exchange as the Board may consider appropriate and the Board shall have the authority to create other committees as it deems necessary :

- a) Audit Committee; and
- b) Compensation Committee.

10.3 Composition of Committees

The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchange and with such recommendations of relevant securities regulatory authorities and the Stock Exchange as the Board may consider appropriate and having regard to the recommendations of the Governance Committee with respect to such matters.

10.4 Review of Charters

As required, the Board will review the recommendations of the Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

10.5 Delegation to Management

- (i) *General.* Subject to the Corporation's articles and by-laws, the Board may designate the offices of the Corporation, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Corporation, except to the extent that such delegation is prohibited under the OBCA or limited by the articles or by-laws of the Corporation or by any resolution of the Board or policy of the Corporation.
- (ii) *CEO Position Description.* Having regard to recommendations of the Governance Committee, and in consultation with the CEO, the Board shall, if considered necessary or prudent, adopt a position description for the CEO which:

- (iii) defines the limits of management's responsibilities; and
- (iv) sets out the overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration goals and obligations relevant to CEO compensation approved by the Compensation Committee.

10.6 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by the Corporation's management.

10.7 Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

10.8 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

DUTIES AND RESPONSIBILITIES

11. **Duties of Individual Directors**

11.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

11.2 Compliance with OBCA and Constating Documents

A Director shall comply with the OBCA and the regulations to the OBCA as well as with the Corporation's articles and by-laws.

11.3 Compliance with the Corporation's Policies

A Director shall comply with all policies of the Corporation applicable to members of the Board as approved by the Board.

12. **Responsibilities of Directors**

12.1 Responsibilities Set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge its duties and responsibilities as set out in the Charter.

12.2 Orientation and Education

A Director shall participate in any orientation and continuing education programs developed by the Corporation for the Directors.

12.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

- (a) review thoroughly the material provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and
- (b) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

12.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

12.5 Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

13. **Board Responsibility for Specific Matters**

13.1 Responsibility for Specific Matters

The Board explicitly assumes responsibility for the matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchange and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of the Corporation's business and affairs.

13.2 Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

14. **Corporate Governance Generally**

14.1 Governance Practices and Principles

The Board shall be responsible for developing the Corporation's approach to corporate governance.

14.2 Governance Principles

- (a) *Governance Principles.* The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for the Corporation (the "Governance Principles") having regard to the recommendations of the Governance Committee.
- (b) *Amendments.* The Board shall review the Governance Principles on a regular basis and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time having regard to the recommendations of the Governance Committee.

14.3 Governance Disclosure

- (a) *Approval of Disclosure.* The Board shall approve disclosure about the Corporation's governance practices in any document before it is delivered to the Corporation's shareholders or filed with securities regulators or with the Stock Exchange having regard to the recommendations of the Governance Committee.
- (b) *Determination that Differences Are Appropriate.* If the Governance Principles differ from those recommended by Canadian securities regulators or the Stock Exchange, the Board shall consider these differences and why the Board considers them to be appropriate having regard to the recommendations of the Governance Committee.

14.4 Delegation to Governance Committee

The Board may direct the Governance Committee to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

15. **Responsibilities Relating to Management**

15.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other executive officers; and
- (b) that the CEO and other executive officers create a culture of integrity throughout the organization.

15.2 Succession Planning

- (a) *General.* The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.
 - (b) *CEO Succession.* Having regard to the recommendations of the Governance Committee, the Board shall:
 - (i) adopt policies and principles for CEO selection and performance review; and

- (ii) policies regarding succession in the event of an emergency or the retirement of the CEO.

15.3 CEO Goals and Objectives

The Board shall receive recommendations of the Compensation Committee and with respect to the corporate goals and objectives that the CEO is responsible for meeting and shall approve those goals and objectives as appropriate.

15.4 Executive Compensation Policy

The Board shall receive recommendations of the Compensation Committee and make such determinations as it considers appropriate with respect to:

- (a) CEO's compensation level;
- (b) non-CEO officer compensation;
- (c) director compensation;
- (d) incentive-compensation plans;
- (e) equity-based plans; and
- (f) policies relating to the determination and payment of bonuses.

16. **Oversight of the Operation of the Business**

16.1 Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Corporation's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

16.2 Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve as regularly as required a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business.

16.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of the Corporation's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee as appropriate) to implement changes to such systems to ensure the integrity of such systems.

16.4 Disclosure Policy and Feedback Process

- (a) *Disclosure Policy.* The Board shall adopt a disclosure policy for the Corporation for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public, having regard to the recommendations of the Governance Committee and the Disclosure Committee. Such policy shall be developed with reference to the requirements and recommendations of applicable securities laws and the Stock Exchange. The Board shall consider, among other things, the recommendations of management, the Governance Committee and the Disclosure Committee with respect to this policy.
- (b) *Feedback Process.* The Board shall establish a process pursuant to which the Board can receive feedback from securityholders.

16.5 Financial Statements

- (a) *Financial Reporting.* The Board shall receive regular reports from the Audit Committee with respect to the integrity of the Corporation's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.
- (b) *Approval of Financial Statements.* The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of the Corporation to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

16.6 Capital Management

The Board shall receive regular reports from management on the structure and management of the Corporation's capital.

16.7 Code of Business Conduct and Ethics

- (a) *Code of Business Conduct and Ethics.* The Board will maintain a Code of Business Conduct and Ethics for the Corporation having regard to the recommendations of the Governance Committee. In adopting this code, the Board will consider the recommendations of the Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and the Stock Exchange as the Board may consider appropriate.
- (b) *Compliance and Disclosure.* The Board will direct the Audit Committee to report any violations of the Code of Business Conduct and Ethics to the Governance Committee. The Board will direct the Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics.
- (c) *Waivers.* The Board shall consider any report of the Governance Committee with respect to any waiver granted to a director or senior officer of the Corporation from complying

with the Code of Business Conduct and Ethics and shall approve or reject such request as it deems appropriate.

17. **Nomination of Directors**

17.1 Nomination and Appointment of Directors

(a) The Board shall nominate individuals for election as directors by the shareholders, having regard to the recommendations of the Governance Committee.

(b) The Board shall adopt a process (having regard to the recommendations of the Governance Committee) pursuant to which the Board shall:

- (i) consider what competencies and skills the Board, as a whole, should possess;
- (ii) assess what competencies and skills each existing Director possesses;
- (iii) consider the personality and other qualities of each Director; and
- (iv) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

18. **Board Effectiveness**

18.1 Position Descriptions

The Board shall review and, if determined appropriate, approve any recommendations of the Governance Committee concerning formal position descriptions for:

- (a) the Executive Chair, Board of Directors Chair and for the chair of each committee of the Board; and
- (b) the CEO.

18.2 Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve any recommendations of the Governance Committee concerning:

- (a) a comprehensive orientation program for new Directors; and
- (b) a continuing education program for all Directors.

18.3 Board, Committee and Director Assessments

The Board shall adopt a process having regard to the recommendation of the Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on a regular basis.

18.4

Assessment of the Board

On a regular basis, the Board shall assess its performance and effectiveness and review this Charter in accordance with the process established by the Governance Committee.

Approved by the Board of Directors on July 13th, 2018