



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held April 20, 2020

and

NOTICE OF ORIGINATING APPLICATION TO THE COURT OF QUEEN'S BENCH OF ALBERTA

and

INFORMATION CIRCULAR and PROXY STATEMENT

with respect to a

PLAN OF ARRANGEMENT

involving

CHINOOK ENERGY INC.

and

TOURMALINE OIL CORP.

and

THE SHAREHOLDERS OF CHINOOK ENERGY INC.

March 10, 2020

These materials are important and require your immediate attention. They require holders of common shares of Chinook Energy Inc. ("**Chinook**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require more information with respect to voting your common shares of Chinook, please contact Alliance Trust Company at 1-877-537-6111 (toll free).

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LETTER TO CHINOOK SHAREHOLDERS

March 10, 2020

Dear Chinook Shareholders:

You are invited to attend an annual and special meeting (the "**Meeting**") of holders ("**Chinook Shareholders**") of common shares ("**Chinook Common Shares**") of Chinook Energy Inc. ("**Chinook**" or the "**Corporation**") to be held at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, on April 20, 2020 at 9:00 a.m. (Calgary time). At the Meeting, you will be asked to consider matters with respect to Chinook's annual business as well as a proposed plan of arrangement (the "**Arrangement**") involving Chinook, Tourmaline Oil Corp. ("**Tourmaline**") and the Chinook Shareholders. **If you cannot attend the Meeting, please complete the enclosed form of proxy and submit it as soon as possible.**

The Arrangement provides that, among other things, Tourmaline will acquire all of the issued and outstanding Chinook Common Shares and the Corporation will become a wholly-owned subsidiary of Tourmaline. Chinook Shareholders (other than those registered holders who have validly exercised dissent rights) will receive, for each Chinook Common Share held, \$0.0675 in cash (the "**Cash Consideration per Share**"), all in accordance with the terms of an arrangement agreement dated effective as of February 22, 2020 between Tourmaline and Chinook (the "**Arrangement Agreement**").

The Cash Consideration per Share represents a 33% premium to the 20 day volume weighted average trading price of the Chinook Common Shares on the Toronto Stock Exchange for the period ended February 21, 2020, being the last trading day prior to the announcement of the Arrangement.

For additional details, see "*The Arrangement*" in the Information Circular and Proxy Statement (the "**Information Circular**") which accompanies this letter.

The resolution approving the Arrangement must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast by Chinook Shareholders, either in person or by proxy, at the Meeting.

Completion of the Arrangement is also subject to approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory approvals. If the requisite Chinook Shareholder, court and regulatory approvals are obtained and if all other conditions to the Arrangement becoming effective are satisfied or waived, it is expected that the Arrangement will become effective on or about April 21, 2020.

After considering the opinion of Peters & Co. Limited that, as of February 22, 2020, the consideration to be received by the Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders, and based upon the recommendation of the special committee of the Board of Directors of Chinook and other relevant matters, the Board of Directors of Chinook has unanimously (with Ms. Angevine, who is a director of both Chinook and Tourmaline, abstaining) determined that the Arrangement is fair to Chinook Shareholders, is in the best interests of Chinook and the Chinook Shareholders and unanimously (with Ms. Angevine abstaining) approved the Arrangement and the entering into of the Arrangement Agreement. The Board of Directors of Chinook unanimously (with Ms. Angevine abstaining) recommends that Chinook Shareholders vote in favour of the resolution approving the Arrangement. Directors and officers of Chinook and a principal shareholder of Chinook who own in the aggregate approximately 37% of the outstanding Chinook Common Shares have entered into voting agreements with Tourmaline pursuant to which they have agreed to vote the Chinook Common Shares held by them in favour of the Arrangement.

The Information Circular contains a detailed description of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax or other professional advisors. If you are unable to attend the Meeting in person, please complete and deliver the form of proxy, in the case of registered Chinook Shareholders, or voting instruction form, in the case of Chinook Shareholders who hold their Chinook Common Shares indirectly through a broker or other intermediary, which is enclosed in order to ensure your representation at the Meeting.

If you are a non-registered holder of Chinook Common Shares and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Chinook Common Shares not being eligible to be voted at the Meeting.

Also enclosed is a letter of transmittal containing complete instructions on how to exchange your Chinook Common Shares for the cash you will be entitled to receive upon completion of the Arrangement. You should complete the accompanying letter of transmittal and deliver the completed document, together with the certificate or certificates representing your Chinook Common Shares, to AST Trust Company (Canada) (in accordance with the instructions set forth in the letter of transmittal), to facilitate delivery of the cash that will be paid to you upon the completion of the Arrangement. If you hold your Chinook Common Shares through a broker or other nominee, you will need to provide instructions to your broker or other nominee to complete the letter of transmittal.

On behalf of the Board of Directors of Chinook, I would like to thank all Chinook Shareholders as well as our employees for their ongoing support as we work towards completion of this important transaction.

Yours truly,

(Signed) "*Walter J. Vrataric*"
Walter J. Vrataric
President and Chief Executive Officer
Chinook Energy Inc.

CHINOOK ENERGY INC.**NOTICE OF ANNUAL AND SPECIAL MEETING
to be held April 20, 2020**

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated March 10, 2020, an annual and special meeting (the "**Meeting**") of holders ("**Chinook Shareholders**") of common shares ("**Chinook Common Shares**") of Chinook Energy Inc. ("**Chinook**" or the "**Corporation**") will be held at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta on April 20, 2020, at 9:00 a.m. (Calgary time) for the following purposes:

- (a) to receive and consider the financial statements of Chinook, together with the report of the auditors thereon, for the year ended December 31, 2019;
- (b) to fix the number of directors of Chinook to be elected at the Meeting at four (4) members;
- (c) to elect each of the following individuals as directors of Chinook as set forth in the accompanying information circular and proxy statement of the Corporation dated March 10, 2020 (the "**Information Circular**"): Jill T. Angevine; Robert J. Herdman; Robert J. Iverach and Walter J. Vrataric;
- (d) to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the board of directors of Chinook to fix their remuneration as such;
- (e) to consider pursuant to the Interim Order and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix "A" to the Information Circular to approve a plan of arrangement pursuant to Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Chinook, Tourmaline Oil Corp. and the Chinook Shareholders (the "**Arrangement**"), all as more particularly described in the Information Circular; and
- (f) to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters to be put before the Meeting are set forth in the accompanying Information Circular.

The record date for the Meeting has been fixed at the close of business on March 10, 2020 (the "**Record Date**"). Only Chinook Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Chinook Shareholders of record will be entitled to vote those Chinook Common Shares included in the list of Chinook Shareholders prepared as at the Record Date. If a Chinook Shareholder transfers Chinook Common Shares after the Record Date and the transferee of those Chinook Common Shares, having produced properly endorsed certificates evidencing such Chinook Common Shares or having otherwise established that the transferee owns such Chinook Common Shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Chinook Shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such Chinook Common Shares at the Meeting.

A Chinook Shareholder may attend the Meeting in person or may be represented by proxy. Chinook Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed form of proxy must be received by Alliance Trust Company, Suite 1010, 407 – 2nd Street S.W., Calgary, Alberta T2P 2Y3, Facsimile: (403) 237-6181 at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof. A person appointed as a proxyholder need not be a Chinook Shareholder. Registered shareholders may also vote via the internet at www.alliancetrust.ca. Votes by internet must also be received by the foregoing cut off time. See the Information Circular accompanying this Notice for further instructions on internet voting.

The proxyholder has discretion under the accompanying form of proxy to consider such further and other business as may properly be brought before the Meeting or any adjournment thereof. Chinook Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

If you are not a registered holder of Chinook Common Shares and receive these materials through your broker or through another intermediary, please complete the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Pursuant to the Interim Order, registered holders of Chinook Common Shares have the right to dissent with respect to the Arrangement and to be paid the fair value of their Chinook Common Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order. A Chinook Shareholder's right to dissent is more particularly described in the accompanying Information Circular and the text of Section 191 of the ABCA and the Interim Order, which are set forth in Appendices "E" and "B", respectively, to the accompanying Information Circular. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right of dissent. A dissenting Chinook Shareholder must send to Chinook a written objection to the Arrangement Resolution, which written objection must be received by Chinook, c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Andrew Sunter, by 5:00 p.m. (Calgary time) on the Business Day which is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).**

Persons who are beneficial owners of Chinook Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Chinook Common Shares are entitled to dissent. Accordingly, a beneficial owner of Chinook Common Shares who desires to exercise the right of dissent must make arrangements for the Chinook Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time written objection to the Arrangement Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Chinook Common Shares to dissent on the holder's behalf.

DATED at the City of Calgary, in the Province of Alberta, this 10th day of March, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS OF
CHINOOK ENERGY INC.**

(Signed) "*Walter J. Vratarić*"
Walter J. Vratarić
President and Chief Executive Officer
Chinook Energy Inc.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING CHINOOK ENERGY INC., TOURMALINE OIL CORP.
AND THE SHAREHOLDERS OF CHINOOK ENERGY INC.

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Chinook Energy Inc. (the "**Corporation**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), involving the Corporation, Tourmaline Oil Corp. ("**Tourmaline**"), and the holders ("**Chinook Shareholders**") of common shares ("**Chinook Common Shares**") of the Corporation, which Arrangement is described in greater detail in the Information Circular and Proxy Statement of the Corporation dated March 10, 2020, accompanying this Notice of Originating Application. At the hearing of the Application, the Corporation intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the Chinook Shareholders and other persons affected from a substantive and procedural point of view;
- (b) an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;
- (c) an order declaring that registered Chinook Shareholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by the interim order of the Court dated March 10, 2020 (the "**Interim Order**");
- (d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of Section 193 of the ABCA, become effective in accordance with its terms and will be binding on and after the effective date of the Arrangement; and
- (e) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard before a Justice of the Court of Queen's Bench of Alberta, 601 – 5th Street S.W., Calgary, Alberta on the 20th day of April, 2020 at 3:00 p.m. (Calgary time), or as soon hereafter as counsel may be heard. Any Chinook Shareholder or any other interested party desiring to support or oppose the Application, may appear at the time of the hearing in person or by counsel for that purpose. **Any Chinook Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary, and serve upon the Corporation, on or before 4:00 p.m. (Calgary time) on April 14, 2020 (or the business day that is four business days prior to the date of the Meeting if it is not held on April 20, 2020), a Notice of Intention to Appear, including an address for service in the Province of Alberta and indicating whether such Chinook Shareholder or other interested party intends to support or oppose the Application or make submissions thereat, together with a summary of the position that holder or person intends to advance before the Court and any evidence or materials which are to be presented to the Court.** Service on the Corporation is to be effected by delivery to the solicitors for the Corporation at the address below.

AND NOTICE IS FURTHER GIVEN that, at the hearing, subject to the foregoing, the Chinook Shareholders and any other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may

approve the terms and conditions of the Arrangement as presented, approve the Arrangement subject to such terms and conditions as the Court shall deem fit, or refuse to approve the Arrangement without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by the Corporation and that in the event the hearing of the Application is adjourned only those persons who have appeared before the Court for the application at the hearing shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling of a meeting of Chinook Shareholders for the purpose of such holders voting upon a special resolution to approve the Arrangement and has directed that registered holders of Chinook Common Shares shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as amended by the Interim Order.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Chinook Shareholder or other interested party requesting the same by the undermentioned solicitors for the Corporation upon written request delivered to such solicitors as follows:

Burnet, Duckworth & Palmer LLP
Suite 2400, 525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Andrew Sunter

DATED at the City of Calgary, in the Province of Alberta, this 10th day of March, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS OF
CHINOOK ENERGY INC.**

(Signed) "*Walter J. Vrataric*"
Walter J. Vrataric
President and Chief Executive Officer
Chinook Energy Inc.

INFORMATION CIRCULAR

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Chinook for use at the Meeting and any adjournments thereof. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

The information concerning Tourmaline contained in this Information Circular has been provided by Tourmaline. Although Chinook has no knowledge that would indicate that any of such information provided by Tourmaline is untrue or incomplete, Chinook does not assume any responsibility for the accuracy or completeness of such information.

This Information Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation. The delivery of this Information Circular will not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Information Circular.

Information contained in or otherwise accessed through Chinook's or Tourmaline's website, or any website, other than those documents filed on SEDAR, does not constitute part of the Information Circular.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Exhibit "B" to the Arrangement Agreement, which is attached as Appendix "C" to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "*Glossary of Terms*". Information contained in this Information Circular is given as of March 10, 2020 unless otherwise specifically stated.

Forward-looking Statements

Certain statements contained in this Information Circular constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

In particular, this Information Circular contains forward-looking statements pertaining to:

- the perceived benefits of the Arrangement;
- the timing of the Meeting and the Final Order;
- the anticipated Effective Date;
- stock exchange delisting of the Chinook Common Shares and the timing thereof;
- the treatment of Chinook Shareholders under tax laws; and
- treatment under government regulatory regimes.

Forward-looking statements respecting:

- the perceived benefits of the Arrangement are based upon a number of facts, including the Peters & Co. Fairness Opinion, the terms and conditions of the Arrangement Agreement and current industry, economic

and market conditions (see "*The Arrangement – Benefits of the Arrangement*" and "*The Arrangement – Recommendation of the Chinook Board of Directors*");

- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby (see "*The Arrangement*");
- the consideration to be received by Chinook Shareholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement (see "*The Arrangement*");
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and advice received from counsel to the Corporation relating to timing expectations (see "*The Arrangement*"); and
- the effects of the Arrangement on the Corporation and Tourmaline are based on Chinook management's current expectations regarding the intentions of Tourmaline.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Chinook believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- the occurrence of any event, change or circumstance that could give rise to the termination of the Arrangement Agreement;
- the conditions to completion of the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed;
- Chinook will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed; and
- if the Arrangement is not completed, Chinook Shareholders will not realize the benefits of the Arrangement and Chinook's future business and operations could be harmed.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Except as required by law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements.

Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Information Circular.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Chinook Shareholders, as a substantial number of Chinook Shareholders do not hold Chinook Common Shares in their own name. Beneficial Shareholders should note that only proxies deposited by Chinook Shareholders whose names appear on the records of Chinook as the registered holders of Chinook Common Shares can be recognized and acted upon at the Meeting. If Chinook Common Shares are listed in an account statement provided to a Chinook Shareholder by a broker, then in almost all cases, those Chinook Common Shares will not be registered in the Chinook Shareholders name on the records of Chinook. Such Chinook Common Shares will more likely be registered under the name of the Chinook Shareholder's broker or an agent of that broker. If you are a Beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

For further information, see "*General Proxy Matters – Beneficial Shareholders*".

Information for Chinook Shareholders in the United States

The solicitation of proxies for the Meeting and the transactions contemplated in this Information Circular are not subject to the requirements of Section 14(a) of the 1934 Act. Accordingly, the solicitations of proxies and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Chinook Shareholders should be aware that such Canadian corporate and securities laws and disclosure requirements are different from those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act. Specifically, information concerning the operations of Chinook contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards.

The enforcement by Chinook Shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that Tourmaline and Chinook are incorporated or amalgamated, as the case may be, under the laws of the Province of Alberta, Canada, a jurisdiction other than the United States, that some or all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Information Circular are residents of countries other than the United States, and that all or substantial portions of the assets of Tourmaline, Chinook and such Persons are or will be located outside the United States. You may not be able to sue a corporation organized under the ABCA or its officers or directors or the named experts in a Canadian court for violations of U.S. Securities Laws and it may be difficult to compel the foregoing Persons to subject themselves to a judgment by a United States court and you should not assume that the courts of Canada would enforce judgments of United States courts predicated upon civil liabilities under the U.S. Securities Laws or would enforce, in original actions, liabilities predicated upon civil liabilities under the U.S. Securities Laws.

Chinook Shareholders should be aware that the Arrangement may have material tax consequences in the United States, including, without limitation, the possibility that the Arrangement is a taxable transaction, in whole or in part, for United States federal income tax purposes. This Information Circular does not contain a description of the United States tax consequences of the Arrangement. Chinook Shareholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including under "*Summary Information*" hereof and in Appendix "F" – Additional Information Concerning Chinook. Terms and abbreviations used in the Appendices to this Information Circular, are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**1933 Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

"**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquisition Proposal**" means, with respect to Chinook, any inquiry or the making of any offer or proposal whether or not in writing to Chinook or the Chinook Shareholders from any Person (other than Tourmaline or its affiliates) prior to the termination of the Arrangement Agreement or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

- (a) any direct or indirect sale, issuance or acquisition of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) in Chinook representing 20% or more of the issued and outstanding voting securities in Chinook or rights or interests therein or thereto;
- (b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase) of assets of Chinook representing 20% or more of the consolidated assets of Chinook;
- (c) an amalgamation, arrangement, merger, business combination, consolidation or other similar transaction involving Chinook;
- (d) a take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Chinook; or
- (e) any other transaction, the consummation of which could or would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which could or would reasonably be expected to materially reduce the benefits to Tourmaline under the Arrangement Agreement or the Arrangement,

except that for the purpose of the definition of "Superior Proposal", the references in the definition of "Acquisition Proposal" to "20% or more of the issued and outstanding voting securities" shall be deemed to be references to "50% or more of the issued and outstanding voting securities", and the references to "20% or more of the consolidated assets" shall be deemed to be references to "all or substantially all of the assets";

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"**AIMCo**" means Alberta Investment Management Corporation, an Alberta crown corporation formed under the *Alberta Investment Management Corporation Act*;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

"**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"**Arrangement**" means the arrangement involving the Corporation, Tourmaline and the Chinook Shareholders, pursuant to Section 193 of the ABCA on the terms and subject to the conditions set forth in the Arrangement Agreement and the Plan of Arrangement, as supplemented, modified or amended;

"**Arrangement Agreement**" means the arrangement agreement dated effective as of February 22, 2020 between the Corporation and Tourmaline, pursuant to which the Corporation and Tourmaline have agreed to implement the Arrangement, a copy of which agreement is attached as Appendix "C" to this Information Circular, as such agreement may be further amended or amended and restated;

"**Arrangement Resolution**" means the special resolution of Chinook Shareholders in respect of the Arrangement to be considered at the Meeting, in substantially the form attached as Appendix "A" to this Information Circular;

"**Articles of Arrangement**" means the articles of arrangement to be prepared by Chinook in respect of the Arrangement required under Section 193 of the ABCA to be sent to the Registrar for filing after the Final Order has been granted, giving effect to the Arrangement;

"**associate**" when used to indicate a relationship with a person or company, has the same meaning as set forth in the Securities Act;

"**Beneficial Shareholder**" has the meaning ascribed to such term under "*General Proxy Matters – Beneficial Shareholders*";

"**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta, are not generally open for business;

"**Cash Consideration per Share**" means \$0.0675 per Chinook Common Share, payable in cash;

"**Chinook**", "**the Corporation**", "**we**", "**our**" or "**us**" means Chinook Energy Inc., a corporation existing under the ABCA;

"**Chinook AIF**" means the annual information form of Chinook in respect of the year ended December 31, 2019 dated March 5, 2020;

"**Chinook Board**" or "**Chinook Board of Directors**" means the board of directors of Chinook;

"**Chinook Change of Control and Severance Payments**" means obligations of Chinook pursuant to all employment and consulting services agreements, termination, severance and retention plans or policies or at law for severance, termination or bonus payments and any payments pursuant to any other incentive plans (including any nominal payments made pursuant to the Chinook Option Cancellation Agreements), arising out of or in connection with the Arrangement including for greater certainty as a result of termination of employment or service;

"**Chinook Common Shares**" means the common shares in the capital of Chinook;

"**Chinook Confidentiality Agreement**" means the confidentiality agreement dated December 9, 2019 between Tourmaline and Chinook entered into in connection with the transaction contemplated in the Arrangement Agreement;

"Chinook Disclosure Letter" means the disclosure letter dated February 22, 2020 and delivered by Chinook to Tourmaline concurrently with the Arrangement Agreement, as may be amended or supplemented by agreement between Chinook and Tourmaline prior to the Effective Time;

"Chinook Office Lease Obligations" means the base rent and estimated operating costs under the lease for Chinook's office space at Livingston Place from and including the Effective Date through to the end of the lease term (and including any such base rent and operating costs for periods prior to the Effective Date which are unpaid at the Effective Date and not included in Net Debt), net of the amounts owing to Chinook during such period pursuant to any subleases of such office space entered into prior to the Effective Date, with Tourmaline's approval, such approval not to be unreasonably withheld;

"Chinook Optionholders" means holders from time to time of Chinook Options;

"Chinook Option Cancellation Agreements" means agreements entered into between Chinook and each of the Chinook Optionholders whereby each Chinook Optionholder agrees to surrender for cancellation all Chinook Options held by such Chinook Optionholder immediately prior to the Effective Time for nominal consideration;

"Chinook Options" means the outstanding stock options to purchase Chinook Common Shares granted pursuant to Chinook's share option plan;

"Chinook Public Record" means all information filed by or on behalf of Chinook after December 31, 2018 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;

"Chinook Related Parties" has the meaning ascribed thereto in Section 4.2(q) of the Arrangement Agreement;

"Chinook Shareholders" means holders from time to time of Chinook Common Shares;

"Chinook Special Committee" means a committee of independent directors of Chinook Board of Directors appointed to consider, among other things, the Arrangement;

"Chinook Transaction Costs" means, collectively, all costs of Chinook in connection with the Arrangement Agreement and the Arrangement, including, without limitation, fees and expenses of financial, legal, accounting and engineering advisors, printing, mailing, solicitation (excluding proxy solicitation services contemplated by Section 3.3(z) of the Arrangement Agreement) and shareholder communication costs and Meeting costs, but excluding the Chinook Change of Control and Severance Payments;

"Court" means the Court of Queen's Bench of Alberta;

"CRA" means Canada Revenue Agency;

"Depositary" means AST Trust Company (Canada), or such other Person as may be designated by Tourmaline and Chinook;

"Dissenting Chinook Shareholders" means the registered Chinook Shareholders that validly exercise the Dissent Rights;

"Dissent Rights" means the rights of dissent granted in favour of registered Chinook Shareholders in respect of the Arrangement as described in the Plan of Arrangement;

"Effective Date" means the date the Arrangement is effective under the ABCA;

"Effective Time" means 12:01 a.m. (Calgary time), or such other time as may be agreed by Tourmaline and Chinook, on the Effective Date;

"Eligible Institution" means a Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc Medallion Signature Program (MSP) (members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers of banks and trust companies in the United States);

"Final Order" means the order of the Court approving the Arrangement to be applied for by Chinook following approval of the Arrangement Resolution at the Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Chinook Shareholders, Chinook and Tourmaline, as such order may be affirmed, amended or modified by the Court (with the consent of both Chinook and Tourmaline, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to both Chinook and Tourmaline, each acting reasonably) on appeal;

"GAAP" or "Canadian GAAP" means generally accepted accounting principles in Canada applicable to public companies at the relevant time;

"Governmental Authority" means any

- (a) national, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau ministry or agency, domestic or foreign;
- (b) any subdivision, agent, commission, board or authority of any of the foregoing;
- (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
- (d) any stock exchange, including the TSX;

"Information Circular" means this management information circular and proxy statement of Chinook, together with all appendices hereto;

"Interim Order" means the interim order of the Court dated March 10, 2020 concerning the Arrangement under Subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, a copy of which order is attached as Appendix "B" to this Information Circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"Letter of Transmittal" means the letter of transmittal enclosed with this Information Circular pursuant to which a Chinook Shareholder is required to deliver certificates representing Chinook Common Shares in order to receive the consideration payable in respect of such Chinook Common Shares under the Arrangement;

"Material Adverse Change" or "Material Adverse Effect" means any fact or state of facts, circumstance, change, effect, occurrence or event that (A) either individually or in the aggregate prevents or materially delays, or individually or in the aggregate could reasonably be expected to prevent or materially delay, the completion of the Arrangement or from Chinook from performing its obligations under the Arrangement Agreement in any material respect) or (B) either individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, production, results of operations or cash flows of Chinook and its subsidiaries, taken as a whole, as the case may be other than any such fact or state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:

- (a) conditions affecting the oil and gas industry generally in jurisdictions in which Chinook or Tourmaline, as the case may be, carries on business, and not specifically relating to Chinook or Tourmaline, as the case may be, including changes in royalties, Applicable Laws or taxes;

- (b) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere;
- (c) any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (d) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, financial, currency exchange, securities or market conditions in Canada, the United States or elsewhere;
- (e) any changes in GAAP first proposed after the date of the Arrangement Agreement;
- (f) any matter which has been publicly disclosed by Chinook in the Chinook Public Record or has been communicated in writing to Tourmaline, in each case prior to the date of the Arrangement Agreement;
- (g) relating to a change in the market trading price or trading volume of the Chinook Common Shares either:
 - (i) as a direct result of the Arrangement Agreement and the Arrangement or the announcement thereof; or
 - (ii) as a result of a change, effect, event of occurrence excluded from the definition of Material Adverse Effect under clauses (a), (b), (c), (d) or (e) above;
- (h) any matter expressly permitted, or required, by the Chinook Disclosure Letter or the Arrangement Agreement or consented to in writing by Tourmaline after the date of the Arrangement Agreement,

provided, however that the change or effect referred to in (a), (b), (c), (d) or (e) above does not primarily relate only to (or have the effect of primarily relating only to) Chinook or disproportionately affects Chinook and its subsidiaries, taken as a whole, as the case may be, compared to other entities of similar size operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

"**Meeting**" means the annual and special meeting of Chinook Shareholders to be held on April 20, 2020, and any adjournment(s) thereof, to consider and to vote on the Arrangement Resolution and the other matters referred to in the Notice of Meeting;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Net Debt**" means the net debt of Chinook which includes any and all cash, indebtedness (including bank indebtedness), working capital deficit (inclusive of accounts receivable (excluding accounts receivable from Chinook Related Parties), prepaid expenses and deposits and accounts payable), current Tax liabilities, and any and all other liabilities and audit adjustments, in each case with respect to each of the foregoing liabilities, inclusive of any and all accrued liabilities, excluding the mark-to-market value of Swaps, in each case calculated in accordance with GAAP, but excluding Chinook Change of Control and Severance Payments, Chinook Transaction Costs and Chinook Office Lease Obligations. For greater certainty, any aged receivables of Chinook greater than 90 days at the Effective Time (net of the allowance for doubtful accounts) and any other amounts that are determined by Tourmaline, acting reasonably, to be unrecoverable shall be excluded from the calculation of Net Debt;

"**Non-Resident Holder**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Chinook Shareholders Not Resident in Canada*";

"**Non-Solicitation Covenants**" has the meaning ascribed thereto under "*The Arrangement – The Arrangement Agreement – Non-Solicitation by Chinook*";

"**Notice of Application**" means the Notice of Application by Chinook to the Court for the Final Order which accompanies this Information Circular;

"**Notice of Meeting**" means the Notice of Annual and Special Meeting, which accompanies this Information Circular;

"**Outside Date**" means June 30, 2020, or such other date as the Parties may agree;

"**Outstanding Indebtedness**" means the aggregate sum of the Net Debt, Chinook Transaction Costs, Chinook Change of Control and Severance Payments and Chinook Office Lease Obligations existing (and determined as at) the Effective Date;

"**Parties**" means, collectively, the parties to the Arrangement Agreement, and "**Party**" means any one of them, or where implied by the context, means Tourmaline on the one hand, or the Corporation on the other hand, as applicable;

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"**Peters & Co.**" means Peters & Co. Limited;

"**Peters & Co. Fairness Opinion**" means the opinion of Peters & Co. to the effect that, as of February 22, 2020, and based upon and subject to the assumptions, limitations, qualifications and other matters stated in the Peters & Co. Fairness Opinion, the consideration to be received by the Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders, the full text of which is attached as Appendix "D" to this Information Circular;

"**Plan**" or "**Plan of Arrangement**" means the plan of arrangement attached as Exhibit "B" to Appendix "C" to this Information Circular, as amended or supplemented from time to time in accordance with the terms thereof;

"**Record Date**" means the close of business on March 10, 2020;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;

"**Resident Shareholder**" has the meaning ascribed thereto under "*Certain Canadian Federal Income Tax Considerations – Chinook Shareholders Resident in Canada*";

"**Securities Act**" means the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended;

"**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada, as applicable;

"**SEDAR**" means the system for electronic document analysis and retrieval;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by Chinook but specifically excluding WOGH);

"**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date of the Arrangement Agreement from a Person (other than Tourmaline):

- (a) that the funds or other consideration necessary for the consummation of the Acquisition Proposal are, or are reasonably likely to be, available, as demonstrated to the satisfaction of the Chinook Board, acting in good faith;

- (b) that is capable of being completed without undue delay, taking into account all financial, legal regulatory and other aspects of such proposal and the Person making such proposal;
- (c) that did not result from or involve a breach of Section 3.5 of the Arrangement Agreement;
- (d) that in the case of paragraphs 3.5(b)(vi) and 3.5(d) of the Arrangement Agreement is not subject to any due diligence or access condition (other than to permit access to the books, records or personnel of Chinook which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes); and
- (e) in respect of which the Chinook Board has determined in good faith (after the receipt of advice from its legal counsel with respect to (A) and its financial advisors with respect to (B)) that: (A) as reflected in the minutes of the Chinook Board, in the case of paragraph 3.5(b)(v)(A) of the Arrangement Agreement, taking such action is necessary to discharge its fiduciary duties, and in the case of paragraphs 3.5(b)(vi) and 3.5(d) of the Arrangement Agreement, recommending such Acquisition Proposal to Chinook Shareholders is necessary to discharge its fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms, would result in a transaction more favourable to Chinook Shareholders from a financial point of view than the transactions contemplated by the Arrangement Agreement (including in each case after taking into account any modifications to the Arrangement Agreement proposed by Tourmaline as contemplated by Section 3.5(d) of the Arrangement Agreement);

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder, as amended from time to time;

"**Third Party Approvals**" has the meaning ascribed thereto under "*The Arrangement – The Arrangement Agreement – Conditions of Closing – Mutual Conditions*";

"**Tourmaline**" means Tourmaline Oil Corp., a corporation existing under the ABCA;

"**Tourmaline Common Shares**" means the common shares in the capital of Tourmaline;

"**Tourmaline Damages Event**" has the meaning ascribed thereto under "*The Arrangement – The Arrangement Agreement – Tourmaline Termination Fee*";

"**Tourmaline Termination Fee**" has the meaning ascribed thereto under "*The Arrangement – The Arrangement Agreement – Tourmaline Termination Fee*";

"**TSX**" means the Toronto Stock Exchange;

"**United States**" and the "U.S." mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended, in effect from time to time;

"**Voting Agreements**" means the voting agreements between (i) Tourmaline, and (ii)(A) each of the directors and officers of Chinook, and (B) AIMCo, pursuant to which each agrees, among other things, to vote in favour of the Arrangement Resolution and to otherwise support the Arrangement; and

"**WOGH**" means WOGH Limited Partnership, a limited partnership formed under the laws of Manitoba.

Certain other terms used herein but not defined herein are defined in the Arrangement Agreement and, unless the context otherwise requires, shall have the same meanings herein as in the Arrangement Agreement.

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the "Glossary of Terms".

The Meeting

The Meeting will be held in at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, on April 20, 2020, at 9:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to consider matters with respect to the Corporation's annual business and vote upon the Arrangement Resolution.

The Record Date for determining Chinook Shareholders entitled to receive notice of, and to vote at, the Meeting is March 10, 2020. Only Chinook Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Chinook Shareholders of record will be entitled to vote those Chinook Common Shares included in the list of Chinook Shareholders prepared as at the Record Date. If a Chinook Shareholder transfers Chinook Common Shares after the Record Date and the transferee of those Chinook Common Shares, having produced properly endorsed certificates evidencing such Chinook Common Shares or having otherwise established that the transferee owns such Chinook Common Shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Chinook Shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such Chinook Common Shares at the Meeting. See "*General Proxy Matters*".

The Arrangement

The Corporation entered into the Arrangement Agreement with Tourmaline effective February 22, 2020. A copy of the Arrangement Agreement is attached as Appendix "C" to this Information Circular. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Exhibit B to the Arrangement Agreement) pursuant to which, among other things, Tourmaline will acquire all of the issued and outstanding Chinook Common Shares and the Corporation will become a wholly-owned subsidiary of Tourmaline.

Pursuant to the Arrangement, Chinook Shareholders (other than Dissenting Chinook Shareholders) will receive, in cash, the Cash Consideration per Share (being \$0.0675) for each one Chinook Common Share held.

As of the date of this Information Circular, there are currently 223,731,901 Chinook Common Shares and 15,020,900 Chinook Options (all of which are "out-of-the-money") outstanding. All of the Chinook Optionholders have entered into the Chinook Option Cancellation Agreements pursuant to which all outstanding Chinook Options will be cancelled immediately prior to the Effective Time for nominal consideration.

The Plan of Arrangement provides that any certificate formerly representing Chinook Common Shares not duly surrendered on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a claim by, or interest of, any former Chinook Shareholder of any kind of nature against Chinook or Tourmaline and on such date all consideration or other property to which such former holder was entitled shall be deemed to have been surrendered to Chinook or Tourmaline, as applicable.

See "*The Arrangement – General Details of the Arrangement*", "*The Arrangement – Procedure for Exchange of Chinook Common Shares*" and "*The Arrangement – Treatment of Chinook Options*".

The Arrangement Agreement

The obligations of the Corporation and Tourmaline to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement. These conditions include, among others, the receipt of Chinook Shareholder approval and Court approval. Upon all the conditions being fulfilled or waived, Chinook is required to file the Articles of Arrangement with the Registrar in order to give effect to the Arrangement.

In addition to certain covenants, representations and warranties made by each of Chinook and Tourmaline in the Arrangement Agreement, the Corporation has provided certain Non-Solicitation Covenants in favour of Tourmaline.

Under certain circumstances, the Corporation has agreed to pay to Tourmaline the Tourmaline Termination Fee in the amount of \$1.75 million.

The Arrangement Agreement may be terminated at any time prior to the Effective Date: (i) by mutual written consent of Tourmaline and the Corporation; (ii) if the conditions to the Arrangement listed in Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement are not met or waived; (iii) by Tourmaline upon the occurrence of a Tourmaline Damages Event; and (iv) by the Corporation in circumstances when it has entered into an agreement with respect to a Superior Proposal provided that it has complied with its obligations set forth in the Arrangement Agreement in respect of the Superior Proposal and has paid to Tourmaline the Tourmaline Termination Fee.

The above is a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix "C" to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular.

See "*The Arrangement – The Arrangement Agreement*" and see Appendix "C" for a copy of the Arrangement Agreement.

Background to the Arrangement

The terms of the Arrangement are the result of arm's length negotiations between Chinook and Tourmaline and their respective advisors. The Information Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the public announcement of the Arrangement Agreement. See "*The Arrangement – Background to the Arrangement*".

Benefits of the Arrangement

The Chinook Board of Directors, in recommending the Arrangement to Chinook Shareholders, believe the Arrangement provides a number of anticipated benefits to Chinook and the Chinook Shareholders including, without limitation, the following:

- (a) the Cash Consideration per Share represents a 33% premium to the 20 day volume weighted average trading price of Chinook Common Shares on the TSX for the period ended February 21, 2020, being the last trading day prior to the announcement of the Arrangement;
- (b) the Cash Consideration per Share is comprised entirely of cash, thereby providing Chinook Shareholders with immediate liquidity and certainty of value in a capital constrained market and a fluctuating (uncertain) commodity price environment;
- (c) the various opportunities and risks associated with Chinook continuing with its existing business plan and developing and operating its current assets having regard to the current and prospective industry, economic and commodity and other market conditions and trends affecting Chinook;
- (d) the other alternatives that had been investigated by Chinook and the risks and possible benefits of pursuing such alternatives and the ultimate conclusion the Arrangement was the most favourable alternative reasonably available;
- (e) the Arrangement is likely to be completed in accordance with its terms and within a reasonable time, with closing of the Arrangement currently expected on April 21, 2020;
- (f) the Arrangement is the result of a rigorous negotiation process that was undertaken at arm's length with the oversight and participation of the Chinook Special Committee;

- (g) the Arrangement is not subject to a financing condition;
- (h) the Arrangement Agreement does not prevent an unsolicited third party from proposing or making a Superior Proposal to Chinook or, provided that Chinook complies with the terms of the Arrangement Agreement, preclude the Chinook Board from considering and acting on a Superior Proposal;
- (i) in the Board's judgment, with the advice of legal and financial advisors, the Tourmaline Termination Fee is reasonable in the context of similar fees that have been negotiated in other transactions and should not preclude another party from making an Acquisition Proposal;
- (j) the assessment of deal certainty as a result of the terms and conditions of the Arrangement, including the conditions to completion of the Arrangement;
- (k) all of the directors and officers of Chinook and AIMCo, who collectively own or control approximately 37% of the outstanding Chinook Common Shares, have entered into Voting Agreements pursuant to which they have agreed to vote their Chinook Common Shares in favour of the Arrangement, subject to the provisions thereof;
- (l) the Arrangement must be approved by at least 66⅔% of the votes cast by Chinook Shareholders either in person or by proxy at the Meeting. See "*The Arrangement – Chinook Shareholder Approval*";
- (m) the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair and reasonable, substantively and procedurally, to the Chinook Shareholders and all other affected parties. See "*The Arrangement – Court Approval*"; and
- (n) the Chinook Shareholders will be granted Dissent Rights with respect to the Arrangement and Dissenting Chinook Shareholders will be paid the fair value of their Chinook Common Shares. See "*The Arrangement – The Arrangement Agreement – Conditions of Closing – Additional Conditions in Favour of Tourmaline – Dissent Rights*".

See "*The Arrangement – Benefits of the Arrangement*".

Peters & Co. Fairness Opinion

The Corporation retained Peters & Co. as its financial advisor to provide the Corporation with various financial advisory services including, without limitation, to provide advice and assistance in evaluating the Arrangement and the preparation and delivery to the Chinook Special Committee and the Chinook Board of Peters & Co.'s opinion as to the fairness of the consideration under the Arrangement from a financial point of view to the Chinook Shareholders. The Peters & Co. Fairness Opinion states that, in the opinion of Peters & Co. as of February 22, 2020, and subject to the assumptions, limitations, qualifications and other matters stated in the Peters & Co. Fairness Opinion, the consideration to be received by the Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders.

The full text of the written Peters & Co. Fairness Opinion, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix "D". Peters & Co. provided the Peters & Co. Fairness Opinion for the benefit of the Chinook Board, in connection with, and for the purpose of, its consideration of the Arrangement. The Peters & Co. Fairness Opinion is not to be construed as a recommendation to any Chinook Shareholder as to whether to vote in favour of the Arrangement.

See "*The Arrangement – Peters & Co. Fairness Opinion*" and Appendix "D" for a full copy of the Peters & Co. Fairness Opinion.

Recommendation of the Chinook Board of Directors

After considering the Peters & Co. Fairness Opinion, the recommendation of the Chinook Special Committee and other relevant matters, the Chinook Board of Directors has unanimously (with Ms. Angevine abstaining) determined that the Arrangement is fair to Chinook Shareholders and is in the best interests of Chinook and the Chinook Shareholders and has unanimously (with Ms. Angevine abstaining) approved the Arrangement and the entering into of the Arrangement Agreement. The Chinook Board of Directors unanimously (with Ms. Angevine abstaining) recommends that the Chinook Shareholders vote in favour of the Arrangement Resolution.

Ms. Angevine, a director of Chinook, is also a director of Tourmaline, and, as such, has declared an interest in the Arrangement, has recused herself from any deliberations in connection with the Arrangement and has abstained from voting with respect thereto.

See "*The Arrangement – Benefits of the Arrangement*", "*The Arrangement – Chinook Board Review*" and "*The Arrangement – Recommendation of the Chinook Board of Directors*".

Voting Agreements and Intention of Certain Chinook Shareholders

All of the directors and officers of Chinook and a principal shareholder of Chinook have entered into Voting Agreements pursuant to which such Chinook Shareholders have agreed to vote approximately 37% of the outstanding Chinook Common Shares (on a non-diluted basis) in favour of the Arrangement and to otherwise support the Arrangement, subject to the provisions of the Voting Agreements.

See "*The Arrangement – Voting Agreements and Intention of Certain Chinook Shareholders*".

Chinook Shareholder Approval

The Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by Chinook Shareholders, either in person or by proxy, at the Meeting. See Appendix "A" to this Information Circular for the full text of the Arrangement Resolution.

See "*The Arrangement – Chinook Shareholder Approval*", "*The Arrangement – Interests of Directors and Executive Officers in the Arrangement*", "*The Arrangement – Securities Law Matters*" and "*General Proxy Matters – Procedure and Vote Required*".

Other Approvals

Court Approval

The Arrangement requires the Court's approval of the Final Order. Prior to the mailing of this Information Circular, the Corporation obtained the Interim Order authorizing and directing the Corporation to call, hold and conduct the Meeting and to submit the Arrangement to Chinook Shareholders for approval. A copy of the Interim Order is attached as Appendix "B" to this Information Circular. Subject to the approval of the Arrangement Resolution by Chinook Shareholders, the hearing in respect of the Final Order is expected to take place at 3:00 p.m. on April 20, 2020 at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta.

See "*The Arrangement – Other Approvals – Court Approval*".

Timing

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions are satisfied or waived, Chinook will apply for the Final Order approving the Arrangement. If the Final Order is obtained on April 20, 2020 in form and substance satisfactory to Chinook and Tourmaline, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, Chinook expects the Effective Date will be on or about April 21, 2020.

See "*The Arrangement – Timing*".

Rights of Dissent

Pursuant to the Interim Order, registered holders of Chinook Common Shares have the right to dissent with respect to the Arrangement Resolution if Chinook, c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Andrew Sunter, receives by 5:00 p.m. (Calgary time) on the Business Day which is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time), a written objection to the Arrangement Resolution and such holder complies with Section 191 of the ABCA, as modified by the Interim Order. Provided the Arrangement becomes effective, each Dissenting Chinook Shareholder will be entitled to be paid the fair value of the Chinook Common Shares in respect of which the holder dissents in accordance with Section 191 of the ABCA, as modified by the Interim Order. See Appendices "B" and "E" for a copy of the Interim Order and the provisions of Section 191 of the ABCA, respectively.

The statutory provisions covering the right to dissent are technical and complex. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of Chinook Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder of such Chinook Common Shares is entitled to dissent.** Accordingly, a beneficial owner of Chinook Common Shares desiring to exercise the right to dissent must make arrangements for such Chinook Common Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by the Corporation, or alternatively, make arrangements for the registered holder to dissent on such holder's behalf. Pursuant to the Interim Order, a registered Chinook Shareholder may not exercise the right to dissent in respect of only a portion of such holder's Chinook Common Shares, and a Dissenting Chinook Shareholder shall not have voted his or her Chinook Common Shares at the Meeting either in person or by proxy in favour of the Arrangement Resolution.

It is a condition to Tourmaline's obligation to complete the Arrangement that Chinook Shareholders holding no more than 17% of the outstanding Chinook Common Shares shall have exercised Dissent Rights in relation to the Arrangement that have not been withdrawn as at the Effective Date.

See "*The Arrangement – Rights of Dissent*".

Chinook

Chinook is a Calgary-based public oil and natural gas exploration and development company with a large contiguous Montney liquids-rich natural gas position at Birley/Umbach, British Columbia.

The Chinook Common Shares are listed and posted for trading on the TSX under the symbol "CKE". The On February 21, 2020, the last trading day completed prior to announcement of the proposed Arrangement, the closing price of the Chinook Common Shares on the TSX was \$0.06. On March 9, 2020, the closing price of the Chinook Common Shares on the TSX was \$0.065.

The Chinook Common Shares will be delisted from the TSX following completion of the Arrangement.

See Appendix "F" - "*Additional Information Concerning Chinook*".

Tourmaline

Tourmaline is a Canadian senior crude oil and natural gas exploration and production company focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin. Further information related to Tourmaline and its business, operations and financial resources is available under Tourmaline's company profile on SEDAR at www.sedar.com.

Canadian Federal Income Tax Considerations

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Chinook Shareholders who, under the Arrangement, dispose of Chinook Common Shares to Tourmaline for the Cash Consideration per Share. Chinook Shareholders are strongly urged to read carefully the general summary under "*Certain Canadian Federal Income Tax Considerations*" and to consult their own tax advisors for advice with respect to their particular circumstances.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Chinook Shareholders. Chinook Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Chinook Shareholders should also consult their own tax advisors regarding relevant provincial, territorial or state tax considerations of the Arrangement.

Risk Factors

Upon the completion of the Arrangement, Chinook Shareholders (other than Dissenting Chinook Shareholders) will receive the Cash Consideration per Share in exchange for their Chinook Common Shares. In addition, there are a number of risks related specifically to the Arrangement, including the following:

- the conditions to completion of the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed;
- Chinook will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed; and
- if the Arrangement is not completed, Chinook Shareholders will not realize the benefits of the Arrangement and Chinook's future business and operations could be harmed.

See "*Risk Factors*".

In addition, whether or not the Arrangement is completed, Chinook will continue to face many of the risks that it currently faces with respect to its business and affairs. For a description of these risk factors see "*Risk Factors*" in the Chinook AIF, which is available on SEDAR at www.sedar.com.

THE MEETING

Receipt of the Financial Statements and Auditors' Reports

At the Meeting, Chinook Shareholders will receive and consider the consolidated financial statements of Chinook for the year ended December 31, 2019 and the auditors' report thereon. No formal action is required or proposed to be taken at the Meeting with respect to the financial statements.

Fixing Number of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting of the Corporation or until their successors are elected or appointed, subject to the articles or by-laws of the Corporation, be set at four. There are presently four directors of Chinook, each of whom will retire from office at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at four.

Election of Directors

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of Chinook for the ensuing year the four nominees hereinafter set forth:

Jill T. Angevine
Robert J. Herdman
Robert J. Iverach, Q.C.
Walter J. Vrataric

If the Arrangement is completed, Chinook will become a wholly-owned subsidiary of Tourmaline and the Chinook Board will be reconstituted by Tourmaline. If the Arrangement is not completed, such persons will hold office until the next annual meeting of Chinook Shareholders or until their successors are duly elected or appointed.

The directors will be elected on an individual basis. The voting for or against and approval of one director will be mutually exclusive to the voting for or against and approval of any other director. The names and provinces and countries of residence of the persons nominated for election as directors, the number of Chinook Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the period served as a director and the principal occupation during the last five years of each are as follows:

Name and Municipality of Residence	Director Since	Number of Chinook Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽⁵⁾	Principal Occupation
Jill T. Angevine ⁽¹⁾⁽²⁾⁽³⁾ Alberta, Canada	November 13, 2014	36,743	Managing Director at Palisade Capital Management Ltd. (an independent, privately held asset management firm) since December 3, 2018; Independent businesswoman from October 31, 2018 to December 3, 2018, and prior thereto, Vice President and Portfolio Manager at Matco Financial Inc. (an independent, privately held asset management firm).
Robert J. Herdman ⁽¹⁾⁽²⁾ Alberta, Canada	July 14, 2010	14,568	Independent businessman.

Robert J. Iverach, Q.C. ⁽¹⁾⁽²⁾⁽³⁾ Alberta, Canada	May 12, 2015	46,211	Counsel (Burstall Winger Zammit LLP (law firm)).
Walter J. Vratarić ⁽³⁾ Alberta, Canada	May 11, 2017	1,014,602	President and Chief Executive Officer of Chinook.

Notes:

- (1) Member of Chinook's Audit Committee, which committee is required pursuant to the ABCA.
- (2) Member of Chinook's Compensation, Nominating and Corporate Governance Committee.
- (3) Member of Chinook's Reserves, Safety and Environmental Committee.
- (4) Chinook does not have an Executive Committee.
- (5) In addition, each of Ms. Angevine and Messrs. Herdman and Iverach hold Chinook Options to purchase 533,800 Common Shares, exercisable at prices ranging from \$0.14 to \$1.08 per share. Mr. Vratarić holds Chinook Options to purchase 2,995,080 Common Shares exercisable at prices ranging from \$0.14 to \$0.54 per share.

Majority Voting for Directors

The Chinook Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of our common shares voted and withheld, the nominee will submit his or her resignation promptly after the meeting, for the Chinook Board's consideration. The Chinook Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a Chinook Board member. The nominee will not participate in any Chinook Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

Additional Disclosure Relating to Proposed Directors***Bankruptcies***

To Chinook's knowledge, except as described below, no proposed director (nor any personal holding company of any of such persons): (a) is, as of the date of this Information Circular, or has been within the ten years before the date of this Information Circular, a director or executive officer of any company (including Chinook) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this Information Circular, 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 proposed director.

Mr. Herdman, a director, served as a director of SemBioSys Genetics Inc. ("**SemBioSys**"), a development stage biotechnology company, until May 1, 2012. On June 22, 2012, a secured creditor of SemBioSys was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of and deal with specific assets of SemBioSys which had been pledged to that creditor.

Cease Trade Orders

To Chinook's knowledge, except as described below, no proposed director (nor any personal holding company of any of such persons) is, as of the date of this Information Circular, or was within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Chinook), that: (a) 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 proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b)

was subject to an Order that was issued after the proposed 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.

Mr. Herdman, a director, served as a director of SemBioSys until May 1, 2012. On May 25, 2012, the Alberta Securities Commission issued a cease trade order against SemBioSys for failure to file the required certification of interim filings for the interim period ended March 31, 2012. The securities commission of each of British Columbia, Manitoba, Ontario and Quebec issued similar orders in respect of the failure to file the certification of interim filings.

Appointment of Auditors

At the Meeting, Chinook Shareholders will be called upon to appoint the firm of KPMG LLP, Chartered Accountants, of Calgary, Alberta, to serve as auditors of Chinook until the next annual general meeting of Chinook Shareholders and to authorize the Chinook Board to fix their remuneration as such. KPMG LLP have been Chinook's auditors since June 28, 2010.

Unless otherwise directed, the persons named in the form of proxy accompanying this Information Circular intend to vote "FOR" the appointment of KPMG LLP, Chartered Accountants, Calgary, Alberta, as Chinook's auditors, to hold office until the next annual meeting of the Chinook Shareholders and to authorize the directors of Chinook to fix their remuneration as such.

The Chinook Board unanimously recommends that Chinook Shareholders vote "FOR" the appointment of KPMG LLP, Chartered Accountants, Calgary, Alberta, as Chinook's auditors, at a remuneration to be fixed by the directors of Chinook.

The information required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, including information regarding the fees billed to Chinook by KPMG LLP, Chartered Accountants, Calgary, Alberta, is contained in the Chinook AIF, under the heading "Audit Committee Information", an electronic copy of which is available on our SEDAR profile at www.sedar.com.

Approval of the Arrangement Resolution

At the Meeting, Chinook Shareholders will be asked to consider, and if deemed advisable, approve with or without variation, the Arrangement Resolution to effect the Arrangement.

Pursuant to the Interim Order, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Chinook Shareholders either in person or by proxy at the Meeting.

Unless otherwise directed and if named as proxy, it is the intention of the persons named in the applicable accompanying form of proxy to vote "FOR" the Arrangement Resolution. See "*General Proxy Matters*".

See "*The Arrangement*" and "*The Arrangement – Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix "C". A copy of the Arrangement Resolution is attached hereto as Appendix "A". A copy of the Plan of Arrangement is attached hereto as Schedule "B" to the Arrangement Agreement.

Additional Business

At the Meeting, the Chinook Shareholders will also transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof. Management of Chinook knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the accompanying Notice of Meeting. However, if any other matter properly comes before the Meeting, the applicable accompanying form of proxy confers discretionary authority to vote on such amendments, variations and other matters

and the persons named in the accompanying instruments of proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

THE ARRANGEMENT

General Details of the Arrangement

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, Tourmaline will acquire all of the issued and outstanding Chinook Common Shares and the Corporation will become a wholly-owned subsidiary of Tourmaline.

Pursuant to the Arrangement, each Chinook Shareholder (other than Dissenting Chinook Shareholders) will receive the Cash Consideration per Share for each one Chinook Common Share held.

As of the date of this Information Circular, there are currently 223,731,901 Chinook Common Shares and 15,020,900 Chinook Options (all of which are "out-of-the-money"). All of the Chinook Optionholders have entered into the Chinook Option Cancellation Agreements pursuant to which all outstanding Chinook Options will be cancelled immediately prior to the Effective Time for nominal consideration.

The Plan of Arrangement provides that any certificate formerly representing Chinook Common Shares not duly surrendered on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former Chinook Shareholder of any kind of nature against Chinook or Tourmaline and on such date all consideration or other property to which such former holder was entitled shall be deemed to have been surrendered to Chinook or Tourmaline, as applicable.

Arrangement Steps

The following summarizes the steps that will occur under the Plan of Arrangement on the Effective Date if all conditions to the completion of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Exhibit "B" to the Arrangement Agreement, which is attached as Appendix "C" to this Information Circular.

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided in the Plan of Arrangement:

- (a) the Chinook Common Shares held by Dissenting Chinook Shareholders who have validly exercised the Dissent Rights provided to them under the Interim Order which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Chinook, free and clear of all liens, claims and encumbrances, and, as of the Effective Time, such Dissenting Chinook Shareholders shall cease to have any rights as Chinook Shareholders, other than the right to be paid the fair value of their Chinook Common Shares in accordance with Article 4 of the Plan of Arrangement; and
- (b) each issued and outstanding Chinook Common Share (other than those held by Dissenting Chinook Shareholders) shall be transferred by the holder thereof without any further action on its part, free and clear of all liens, claims and encumbrances, to Tourmaline in exchange for the Cash Consideration per Share (being \$0.0675 per share) and Tourmaline shall be deemed to be the legal and beneficial owner of such transferred Chinook Common Share free and clear of any liens, claims or encumbrances, and upon such exchange:
 - (i) the holders of such Chinook Common Shares shall cease to be the holders of Chinook Common Shares and the names of such holders shall be removed from the register of holders of Chinook Common Shares with respect to all such Chinook Common Shares; and

- (ii) Tourmaline shall become the holder of the Chinook Common Shares so exchanged and shall be added to the register of holders of Chinook Common Shares as the registered holder of such shares.

Background to the Arrangement

The terms of the Arrangement are the result of arm's length negotiations between Chinook and Tourmaline and their respective advisors. The following is a summary of the material events, meetings, negotiations and discussions leading up to the execution of the Arrangement Agreement and the public announcement respecting the entering into of the Arrangement Agreement.

On July 28, 2016, the Chinook Board initiated a review of strategic alternatives which included, among other things, a review of acquisition opportunities to expand its core Montney asset base, or establish a new core area of operations. In addition, the Chinook Board also entertained other opportunities (including a merger, sale or joint venture) that would result in a well-capitalized entity that could further develop its emerging Montney assets at Birley/Umbach, British Columbia and at Gold Creek, Alberta. The Chinook Board retained Peters & Co. to provide management and the Chinook Board with financial advisory services in connection with the process. The process resulted in the sale of Chinook's Alberta Montney properties, which closed in February 2017. No other viable alternatives arose as a result of the process.

On March 19, 2018, the Chinook Board initiated another strategic alternatives review process to identify, investigate, review, assess and evaluate possible strategic alternatives that may be available to maximize shareholder value, including, without limitation, a corporate reorganization, the sale of all or substantially all of the shares or assets of Chinook, a business combination or merger with a third party or an acquisition of securities or assets of a third party. The Chinook Board determined it would be appropriate if the process was supervised and directed by the Chinook Special Committee of the Chinook Board comprised of directors Jill T. Angevine (Chair), Robert Herdman, Robert J. Iverach and P. Grant Wierzba. The mandate of the Chinook Special Committee included negotiating the terms and conditions of the retainer by the Chinook Special Committee of Peters & Co. to provide the Chinook Special Committee and the Chinook Board with financial advisory services in connection with the process. The Chinook Special Committee authorized the engagement of Peters & Co. as financial advisor to the Chinook Special Committee and the Chinook Board and the terms thereof. The process focused on maximizing shareholder value in a very challenging environment of continued weakness in commodity prices, the general Canadian exploration and production industry and capital markets and Chinook's ongoing semi-annual review of its demand credit facility,

Following initiation of this second process, Peters & Co. reached out to a select group of potential counterparties comprised of active area operators, companies seeking reverse takeover opportunities and companies interested in the potential addition of Chinook's Montney resource. This portion of the review process resulted in a proposal to purchase Chinook's Aitken Creek 12" pipeline received from an arm's length party, which proposal was deemed not to be acceptable.

On May 31, 2018, P. Grant Wierzba resigned from the Chinook Special Committee.

In the summer and fall of 2019, Peters & Co. contacted a group of exploration and production and infrastructure companies to solicit interest in Chinook, or specifically in its Aitken Creek pipeline and associated infrastructure. During this period, Chinook entered into a number of confidentiality and standstill agreements with, and provided information to, interested parties with respect to a potential transaction. Certain of the interested parties which had executed a confidentiality and standstill agreement received a management presentation. An arm's length party emerged through this process as a party with an interest in acquiring certain non-core assets in addition to the Aitken Creek pipeline (the "**First Proposal**"). Throughout this party's review of the Chinook assets, it was made clear that the Aitken Creek pipeline was a significant value driver in this potential transaction.

On November 7, 2019, Chinook issued a news release announcing the strategic alternatives review process and the establishment of the Chinook Special Committee to oversee the process.

On December 9, 2019, Chinook entered into a confidentiality agreement with Tourmaline pursuant to which Chinook would provide information to Tourmaline in connection with its due diligence investigation of Chinook. Tourmaline expressed that it had an interest in making a proposal provided that certain assets of particular interest to Tourmaline were included in any transaction. Tourmaline also provided Chinook with guidance on its timing should it make a proposal.

On December 10, 2019, a meeting of the Chinook Special Committee was held at which Peters & Co. provided an update in respect of developments in the strategic alternatives review process. Peters & Co. reviewed the First Proposal and the benefits and considerations of such First Proposal. Peters & Co. also reviewed the recent potential transaction interest received from Tourmaline. Peters & Co. provided the Chinook Special Committee with a review of the broad energy market environment and a market assessment of Chinook. The Chinook Special Committee and Peters & Co. then decided on the go-forward strategy for the strategic alternatives review process.

On January 9, 2020, Tourmaline submitted a written cash proposal to acquire all of the Chinook Common Shares.

On January 10, 2020, Jill T. Angevine resigned from the Chinook Special Committee.

On January 13, 2020, a meeting of the Chinook Special Committee (comprised of Robert J. Iverach and Robert J. Herdman) was held at which Peters & Co. At this meeting, Peters & Co. provided an update in respect of developments in the strategic alternatives review process since the meeting of the Chinook Special Committee held on December 10, 2020, including developments with the counterparty to the First Proposal and the proposal submitted by Tourmaline. At this meeting, Peters & Co. provided the Chinook Special Committee with a detailed presentation and analysis respecting the financial aspects of the First Proposal as well as the proposal received from Tourmaline. In conjunction therewith, management provided a detailed overview of Chinook's current operations and planned operations for the balance of fiscal 2020, the Corporation's current circumstances and a number of other go-forward strategic considerations. Management also provided an analysis of the material risks affecting the Corporation's business, including commodity price uncertainty, access to capital and other risks, and provided an internal estimate of the value of the constituent components of the Corporation's business, and reviewed a number of other relevant analyses and considerations. The Chinook Special Committee evaluated the risks involved in continuing with the Corporation's current business plan and those associated with pursuing the possible alternative opportunities presented and the anticipated effects thereof. Following these deliberations, the Chinook Special Committee determined that each of the proposals warranted further review and discussed negotiating tactics with Peters & Co. and management of Chinook.

On January 27, 2020, a meeting of the Chinook Special Committee was convened to receive a further update in respect of developments in the strategic alternatives review process. At this meeting, Peters & Co. provided the Chinook Special Committee with an update on Tourmaline's proposal to acquire Chinook as Tourmaline indicated its willingness to prepare and proceed with the negotiation of a definitive agreement rather than a letter of intent if Chinook agreed in writing to exclusively deal with Tourmaline while Tourmaline was conducting its due diligence on Chinook. At this meeting, Peters & Co. provided the Chinook Special Committee with a detailed presentation and analysis respecting the financial aspects of the proposal received from Tourmaline. The Chinook Special Committee discussed with Peters & Co. Chinook's current business plan, other strategic alternatives potentially available to Chinook, Tourmaline's ability to fund and complete the proposed transaction and certain proposed revisions to the Tourmaline proposal. Following deliberations, the Chinook Special Committee determined that Tourmaline's proposal represented a *bona fide* proposal that was sufficiently attractive to Chinook Shareholders, from a financial standpoint, that Chinook should continue negotiations with Tourmaline and, as part of such negotiations, should request certain revisions to the structure of the proposal. It was also confirmed that AIMCo, Chinook's significant shareholder, was supportive of Chinook pursuing negotiations with Tourmaline in respect of a potential transaction and AIMCo's support of a transaction was a requirement of Tourmaline for negotiations to proceed. The Chinook Special Committee also agreed that Chinook should execute the form of exclusivity agreement which had been submitted by Tourmaline. Following the meeting, Chinook entered into an exclusivity agreement with Tourmaline providing for an exclusive negotiating period to 6:00 a.m. (Calgary time) on February 14, 2020.

Between December 9, 2019 and February 22, 2020, Tourmaline, with the assistance of its legal advisors, conducted its due diligence review of Chinook, and Chinook and Tourmaline, with the assistance of their respective legal advisors, and financial advisor in the case of Chinook, negotiated the definitive terms of the Arrangement Agreement

and related documentation including the Plan of Arrangement and the Voting Agreements. During this time, the parties discussed various transaction structures and agreed to proceed with the Arrangement based on the Cash Consideration per Share, subject to Tourmaline completing its financial and legal due diligence investigations with respect to Chinook.

At a meeting held on February 22, 2020, the Chinook Special Committee met with its legal and financial advisors to review the terms of the proposed Arrangement Agreement and related matters. At this meeting, Peters & Co. advised the Chinook Special Committee that the arm's length party associated with the First Proposal communicated that they were no longer interested in pursuing a transaction with Chinook. At this meeting, Chinook's legal advisors reviewed in detail the terms and conditions of the Arrangement Agreement and the Voting Agreements and reviewed with the Chinook Special Committee the fiduciary duties of the Chinook Special Committee and the Chinook Board, specifically in the context of the proposed terms of the Arrangement Agreement. The Chinook Special Committee also reviewed, among other things, (i) information concerning the business, operations, property, assets, financial conditions, operating results and the prospects of Chinook; (ii) Tourmaline's ability to fund and complete the proposed transaction; (iii) historical information regarding the trading price and volume of the Chinook Common Shares; (iv) current and prospective industry, economic and market conditions and trends affecting the Corporation; (v) the financial position of the Corporation and its ability to fund its current business plan; (vi) the risks associated with the Corporation continuing to pursue its current business plan and the risks associated with non-completion of the proposed Arrangement; (vii) the specific terms of the draft Arrangement Agreement and related documents; and (viii) other strategic alternatives potentially available to the Corporation. Peters & Co. provided the Chinook Special Committee with its detailed financial analysis and advice in respect of Chinook, Tourmaline and the proposed Arrangement and delivered its verbal opinion to the effect that, subject to the review of the final form of definitive documents, the consideration to be received by Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders. The Chinook Special Committee, following further deliberations based, in part, on the advice and analysis provided by Peters & Co., unanimously determined to recommend to the Chinook Board approval of the Arrangement and the entering into of the Arrangement Agreement.

Immediately following completion of the Chinook Special Committee portion of the meeting on February 22, 2020, a meeting of the Chinook Board of Directors was convened. Jill T. Angevine called into the meeting and advised the Chinook Board that she understood that Chinook was considering a proposed transaction with Tourmaline. Ms. Angevine then advised the Chinook Board that she was a director of Tourmaline and owned shares and options in Tourmaline and, as such, she declared her interest in the subject matter before the Chinook Board and advised that she would be recusing herself from the meeting and abstaining from voting on the proposed transaction. Ms. Angevine then recused herself from the Meeting. The verbal opinion of Peters & Co. as to the fairness, from a financial point of view, of the consideration to be received by Chinook Shareholders pursuant to the Arrangement was reiterated to the Chinook Board. Based, in part, on the advice and analysis provided by Peters & Co. and the recommendation of the Chinook Special Committee, the Chinook Board unanimously (with Jill T. Angevine having declared a conflict of interest and abstaining from voting) determined that the Arrangement was in the best interests of Chinook, was fair to the Chinook Shareholders, from a financial point of view, and approved the Arrangement and the entering into of the Arrangement Agreement and resolved unanimously (with Jill T. Angevine having declared a conflict of interest and abstaining from voting) to recommend that Chinook Shareholders vote in favour of the Arrangement. Signatures to the Arrangement Agreement and the Voting Agreements were subsequently delivered and released later in the afternoon of Sunday, February 23, 2020.

News releases announcing the Arrangement were issued by each of Chinook and Tourmaline, respectively, at 6:00 a.m. (Calgary time) on February 24, 2020.

On March 10, 2020, the Court granted the Interim Order as attached as Appendix "B" to this Information Circular.

On March 2, 2020, Peters & Co. delivered its written fairness opinion dated effective as of February 22, 2020. On March 10, 2020, the Chinook Board approved the Information Circular and the mailing thereof to Chinook Shareholders and confirmed its determination and recommendations as made at the February 22, 2020 meeting.

Benefits of the Arrangement

The Chinook Board, in recommending the Arrangement to Chinook Shareholders, believes the Arrangement provides a number of anticipated benefits to Chinook and the Chinook Shareholders including, without limitation, the following:

- (a) the Cash Consideration per Share represents a 33% premium to the 20 day volume weighted average trading price of Chinook Common Shares on the TSX for the period ended February 21, 2020, being the last trading day prior to the announcement of the Arrangement;
- (b) the Cash Consideration per Share is comprised entirely of cash, thereby providing Chinook Shareholders with immediate liquidity and certainty of value in a capital constrained market and a fluctuating (uncertain) commodity price environment;
- (c) the various opportunities and risks associated with Chinook continuing with its existing business plan and developing and operating its current assets having regard to the current and prospective industry, economic and commodity and other market conditions and trends affecting Chinook;
- (d) the other alternatives that had been investigated by Chinook and the risks and possible benefits of pursuing such alternatives and the ultimate conclusion the Arrangement was the most favourable alternative reasonably available;
- (e) the Arrangement is likely to be completed in accordance with its terms and within a reasonable time, with closing of the Arrangement currently expected on April 21, 2020;
- (f) the Arrangement is the result of a rigorous negotiation process that was undertaken at arm's length with the oversight and participation of the Chinook Special Committee;
- (g) the Arrangement is not subject to a financing condition;
- (h) the Arrangement Agreement does not prevent an unsolicited third party from proposing or making a Superior Proposal to Chinook or, provided that Chinook complies with the terms of the Arrangement Agreement, preclude the Chinook Board from considering and acting on a Superior Proposal;
- (i) in the Board's judgment, with the advice of legal and financial advisors, the Tourmaline Termination Fee is reasonable in the context of similar fees that have been negotiated in other transactions and should not preclude another party from making an Acquisition Proposal;
- (j) the assessment of deal certainty as a result of the terms and conditions of the Arrangement, including the conditions to completion of the Arrangement;
- (k) all of the directors and officers of Chinook and AIMCo, who collectively own or control approximately 37% of the outstanding Chinook Common Shares, have entered into Voting Agreements pursuant to which they have agreed to vote their Chinook Common Shares in favour of the Arrangement, subject to the provisions thereof;
- (l) the Arrangement must be approved by at least 66⅔% of the votes cast by Chinook Shareholders either in person or by proxy at the Meeting. See "*The Arrangement – Chinook Shareholder Approval*";
- (m) the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair and reasonable, substantively and procedurally, to the Chinook Shareholders and all other affected parties. See "*The Arrangement – Court Approval*"; and

- (n) the Chinook Shareholders will be granted Dissent Rights with respect to the Arrangement and Dissenting Chinook Shareholders will be paid the fair value of their Chinook Common Shares. See "*The Arrangement – The Arrangement Agreement – Conditions of Closing – Additional Conditions in Favour of Tourmaline – Dissent Rights*".

Chinook Board Review

During the course of its deliberations and in arriving at its recommendations, the Chinook Special Committee and the Chinook Board reviewed, considered and discussed numerous factors in connection with the proposed Arrangement, including but not limited to:

- (a) information concerning the business, operations, property, assets, financial condition, operating results and prospects of Chinook;
- (b) historical information regarding: (i) the trading prices and volumes of the Chinook Common Shares; and (ii) industry forecasts regarding the prices and price trends of oil, natural gas and natural gas liquids;
- (c) current and prospective industry, economic and market conditions and trends affecting Chinook;
- (d) the Peters & Co. Fairness Opinion which concluded that as of the date of the Peters & Co. Fairness Opinion, the consideration to be received by the Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders (See "*The Arrangement – Peters & Co. Fairness Opinion*");
- (e) the expected benefits of the Arrangement;
- (f) the risks and possible benefits associated with pursuing alternatives to the Arrangement including pursuing the Corporation's business plan; and
- (g) the risks associated with completion of the Arrangement.

In its review of the proposed terms of the Arrangement, the Chinook Board also considered a number of elements of the transaction that provide protection to the Chinook Shareholders:

- (a) the Arrangement must be approved by at least 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Chinook Shareholders, either in person or by proxy, at the Meeting;
- (b) the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Chinook Shareholders;
- (c) under the Arrangement Agreement, the Chinook Board of Directors retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement; and
- (d) the Chinook Shareholders will be granted the Dissent Rights with respect to the Arrangement and receive the fair value of their Chinook Common Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the consideration under the Arrangement.

The foregoing summary of what was considered by the Chinook Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendations incorporated herein. Members of the Chinook Board of Directors used their own knowledge of the business, financial conditions, and prospects of Chinook along with the assistance of Chinook management and Chinook's financial and legal advisors in their evaluation of the Arrangement. Given the numerous factors that were considered in connection with evaluating

the Arrangement, it is not practical to quantify or assign relative weight to specific factors relied upon by the Chinook Board in reaching its conclusions and recommendations. In addition, individual members of the Chinook Board may have given different weight to different factors. The conclusions and recommendations of the Chinook were arrived at after giving consideration to the totality of the information and factors involved.

Peters & Co. Fairness Opinion

In deciding to approve the Arrangement, the Chinook Board considered, among other things, the Peters & Co. Fairness Opinion. The Chinook Board received the opinion from Peters & Co. that, as at February 22, 2020 and subject to the assumptions, limitations, qualifications of other matters stated in the Peters & Co. Fairness Opinion, the consideration to be received by the Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders.

The full text of the written Peters & Co. Fairness Opinion, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix "D". Peters & Co. provided the Peters & Co. Fairness Opinion for the benefit of the Chinook Board, in connection with, and for the purpose of, its consideration of the Arrangement. The Peters & Co. Fairness Opinion is not to be construed as a recommendation to any Chinook Shareholder as to whether to vote in favour of the Arrangement.

Peters & Co. was engaged by the Corporation as a financial advisor, to provide Chinook with various financial advisory services including, without limitation, to provide advice and assistance in evaluating the Arrangement and to provide a fairness opinion, if requested. A portion of the fee payable to Peters & Co. in connection therewith (other than that payable in respect of the Peters & Co. Fairness Opinion, which is a fixed fee payable on delivery of such opinion) is contingent on completion of the Arrangement or another transaction. In connection therewith, Chinook has agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. and certain related parties against certain liabilities.

Recommendation of the Chinook Board of Directors

After considering the Peters & Co. Fairness Opinion, the recommendation of the Chinook Special Committee and other relevant matters, the Chinook Board of Directors unanimously (with Ms. Angevine abstaining) determined that the Arrangement is fair to the Chinook Shareholders, is in the best interests of Chinook and the Chinook Shareholders and unanimously (with Ms. Angevine abstaining) approved the Arrangement and the entering into of the Arrangement Agreement and all related agreements. The Chinook Board of Directors unanimously (with Ms. Angevine abstaining) recommends that the Chinook Shareholders vote in favour of the Arrangement Resolution.

Ms. Angevine, a director of Chinook, is also a director of Tourmaline, and, as such, has declared an interest in the Arrangement, has recused herself from any deliberations in connection with the Arrangement and has abstained from voting with respect thereto.

Voting Agreements and Intention of Certain Chinook Shareholders

All of the directors and officers of Chinook and AIMCo, a significant shareholder of Chinook, have entered into Voting Agreements pursuant to which such Chinook Shareholders have agreed to vote approximately 37% of the outstanding Chinook Common Shares (on a non-diluted basis) in favour of the Arrangement and to otherwise support the Arrangement, subject to the provisions of the Voting Agreements.

The obligations of each such Chinook Shareholder under the Voting Agreements shall automatically terminate in certain circumstances, including on the termination of the Arrangement Agreement in accordance with its terms or if the Arrangement is not completed by the Outside Date. Each Voting Agreement may also be terminated at the option of such Chinook Shareholder upon written notice to Tourmaline if the Arrangement Agreement is amended to reduce the consideration to be received by the Chinook Shareholders pursuant to the Arrangement..

Treatment of Chinook Options

All Chinook Optionholders have entered into Chinook Option Cancellation Agreements whereby holders of Chinook Options have agreed to surrender for cancellation all Chinook Options held by such Chinook Optionholder for nominal consideration (\$1.00 in total for each holder of Chinook Options). As at the date hereof, there are 15,020,900 Chinook Options, all of which are "out of the money".

Procedural Steps for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Arrangement must be approved by the Chinook Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

Chinook Shareholder Approval

The Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by holders of Chinook Common Shares, either in person or by proxy, at the Meeting. See Appendix "A" to this Information Circular for the full text of the Arrangement Resolution.

See "*General Proxy Matters – Procedure and Vote Required*" and "*The Arrangement – Securities Laws Matters*".

If the Arrangement is not completed, either as a result of not receiving the requisite shareholder approval or the non-satisfaction of any other conditions to completion of the Arrangement, Chinook would review its business plans and strategy in light of the capital-intensive nature of its resource plays and its financial position. The continuation of its current business plan would require Chinook to raise additional capital to fund its operations. There can be no assurance that debt or equity financing, or cash generated by operations, will be available or sufficient to meet its requirements, or if debt or equity financing is available, that it will be on terms acceptable to Chinook. The inability of Chinook to access sufficient capital could have a material adverse affect on its ongoing business, financial condition, results of operations and prospects.

Other Approvals

Court Approval

Interim Order

On March 10, 2020, the Court granted the Interim Order directing the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Appendix "B" to this Information Circular.

Final Order

The ABCA provides that a plan of arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Chinook Shareholders at the Meeting in the manner required by the Interim Order, Chinook will make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for April 20, 2020 at 3:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. At the hearing, any Chinook Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Chinook a Notice of Intention to Appear including an address for service in the Province of Alberta and indicating whether such Chinook Shareholder or other interested party intends to support or oppose the Application or make submissions thereat, together with a summary of the position that holder or person intends to advance before the Court and any evidence or materials which are to be presented to the Court **on or before 4:00 p.m. (Calgary time) on April 14, 2020 (or the Business Day that is four Business Days prior to the date of the Meeting if it is not held on April 20, 2020). Service of such notice shall be effected by service upon the solicitors for Chinook: Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Andrew Sunter. See the Notice of Application accompanying this Information Circular.**

The Plan of Arrangement will be implemented pursuant to Section 193 of the ABCA, which provides that, where it is impractical to effect an arrangement under any other provision of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Chinook for approval of the Arrangement. Chinook has been advised by its counsel, Burnet, Duckworth & Palmer LLP, that the Court has broad discretion under the ABCA when making orders with respect to plans of arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, the Corporation may determine not to proceed with the Arrangement.

Although there have been a number of judicial decisions considering Section 193 of the ABCA and applications to various arrangements, there have not been, to the knowledge of Chinook, any recent significant decisions which would apply in this instance. **Chinook Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

Other Required Approvals

To the best knowledge of the Corporation, there are no filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement except as described herein.

Timing

If the Meeting is held as scheduled and is not adjourned and the other necessary conditions at that point in time are satisfied or waived, Chinook will apply for the Final Order approving the Arrangement. If the Final Order is obtained on April 20, 2020 in form and substance satisfactory to the Corporation and Tourmaline, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, the Corporation expects the Effective Date will be on or about April 21, 2020. It is not possible, however, to state with certainty when the Effective Date will occur.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Registrar.

The Corporation's objective is to have the Effective Date occur on April 21, 2020. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on April 20, 2020.

Stock Exchange Listing

The Chinook Common Shares are listed and posted for trading on the TSX under the symbol "CKE". The Tourmaline Common Shares are listed and posted for trading on the TSX under the symbol "TOU". On February 21, 2020, the last trading day completed prior to announcement of the proposed Arrangement, the closing price of the Chinook

Common Shares on the TSX was \$0.06. On March 9, 2020, the closing price of the Chinook Common Shares on the TSX was \$0.065.

If completed, the Arrangement will result in the Chinook Common Shares being delisted from the TSX following the Effective Date.

See "*Additional Information Concerning Chinook – Trading Price and Volume*" in Appendix "F" to this Information Circular.

The Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Corporation and Tourmaline and various conditions precedent, both mutual and with respect to each Party.

The following is a summary only of certain terms of the Arrangement Agreement. Chinook Shareholders are urged to read the Arrangement Agreement including the Plan of Arrangement in its entirety. A copy of the Arrangement Agreement is attached as Appendix "C" to this Information Circular and the Plan of Arrangement is attached to the Arrangement Agreement as Exhibit B.

Representations and Warranties

Each of Tourmaline and the Corporation made certain customary representations and warranties related to their due organization and qualification and authorization to enter into the Arrangement Agreement and to carry out its obligations thereunder and the execution and delivery of the Arrangement Agreement, that neither the consummation by it of the transactions contemplated thereby nor compliance by it of the transactions contemplated by the Arrangement Agreement will, among other things, violate, conflict with or result in breach of any provisions of, require any consent, approval or notice under or constitute a default or result in a right of termination or acceleration under or result in a creation of any lien, security interest, charge or encumbrance upon the properties or assets of it or any of its subsidiaries under, any of the terms, conditions or provisions of its organizational documents, instruments or obligations to which it is a party or by which it or any of its properties or assets may be subject or by which it is bound or violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to it or any of its subsidiaries. In addition, Tourmaline and the Corporation have each made certain representations and warranties particular to such Party. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Mutual Covenants

Chinook and Tourmaline have each given, in favour of the other Party, certain mutual covenants, including a mutual covenant to use their respective commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement and to take all other action, or cause to be done, all things necessary, proper or advisable under Applicable Laws to complete the Arrangement.

Covenants of Tourmaline

Tourmaline has given in favour of the Corporation certain covenants, including a covenant to take all steps and do all acts and things specified in the Interim Order, the Plan of Arrangement and the Final Order to be taken or done by Tourmaline.

Covenants of the Corporation

The Corporation has given in favour of Tourmaline certain covenants, including a covenant to carry on business in the ordinary course of business consistent with past practice between the date of the Arrangement Agreement and the Effective Date, covenants not to undertake certain actions outside of the ordinary course of business and to comply with certain restrictions on its interim operations.

Non-Solicitation by Chinook

The Corporation has provided certain non-solicitation covenants (the "**Non-Solicitation Covenants**") in favour of Tourmaline as follows:

- (a) Chinook agreed to immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), with any parties (other than Tourmaline) conducted before the date of the Arrangement Agreement with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. Chinook represented and warranted that it has not waived any standstill provisions contained in a confidentiality agreement or otherwise for any Person. Chinook agreed to immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Chinook relating to an Acquisition Proposal and to use all reasonable commercial efforts to ensure that such requests are honoured.
- (b) Chinook agreed not to, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
 - (i) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding) any Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
 - (iii) waive, modify or release any third party from or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive, modify or release any third party from or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; or
 - (iv) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse any Acquisition Proposal or agreement in respect thereto;

provided, however, that notwithstanding any other provision of the Arrangement Agreement, Chinook and its officers, directors and advisers may:

- (v) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by Chinook or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with Chinook that does not result from a breach of Section 3.5 of the Arrangement Agreement and, subject to execution of a confidentiality and standstill agreement substantially similar to the Chinook Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Tourmaline as set out below), may furnish to such third party information concerning Chinook and its business, properties and assets, in each case if, and only to the extent that:

- (A) the third party has first made a written bona fide Acquisition Proposal which is a Superior Proposal; and
- (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, Chinook provides prompt notice to Tourmaline to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to Tourmaline, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Chinook shall notify Tourmaline orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to Tourmaline, copies of all information provided to such party and all other information reasonably requested by Tourmaline), within 72 hours of the receipt thereof, shall keep Tourmaline informed of the status and details of any such inquiry, offer or proposal and answer Tourmaline's questions with respect thereto; and
- (vi) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Chinook Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement as contemplated by Section 3.5(d) of the Arrangement Agreement and after receiving the advice of outside counsel as reflected in minutes of the Chinook Board, that the taking of such action is necessary for the Chinook Board in discharge of its fiduciary duties under Applicable Laws and Chinook complies with its obligations set forth in Section 3.5(d) of the Arrangement Agreement and terminates the Arrangement Agreement in accordance with Section 8.1(a)(iv) of the Arrangement Agreement and concurrently therewith pays the Tourmaline Termination Fee to Tourmaline.
- (c) Chinook is required to promptly (and in any event within 72 hours) notify Tourmaline (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Chinook or its assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. Chinook is also required to provide such further and other details of the Acquisition Proposal or any amendment thereto as Tourmaline may reasonably request. Chinook agreed to keep Tourmaline promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, to respond promptly to all inquiries by Tourmaline with respect thereto, and to provide Tourmaline with copies of all material correspondence and other written material sent to or provided to Chinook by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Chinook to any Person in connection with such inquiry, proposal, offer or request.
- (d) Chinook agreed to give Tourmaline, orally and in writing, at least three Business Days' advance notice of any decision by the Chinook Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, to set out the reasonable determination of the Chinook Board, in consultation with its financial advisors, of the financial value of the consideration offered by such third party to Chinook Shareholders under such Superior Proposal, which notice shall confirm that the Chinook Board has determined that such Acquisition Proposal constitutes a Superior Proposal, to identify the third party making the Superior Proposal and to provide a copy thereof and any amendments thereto. During the three Business Day period commencing on the day following delivery of such notice, Chinook agreed not to accept, recommend, approve or enter

into any agreement to implement such Superior Proposal and not to withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three Business Day period Chinook agreed to, and agreed to cause its financial and legal advisors to, negotiate in good faith with Tourmaline and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable Tourmaline to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Tourmaline proposes to amend the Arrangement Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the Chinook Board prior to the expiry of such three Business Day period, the Chinook Board agreed not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to withdraw, redefine, modify or change its recommendation in respect of the Arrangement and Tourmaline and Chinook agreed to enter into an amended version of the Arrangement Agreement reflecting such proposed amendments.

- (e) If required by Tourmaline, Chinook agreed, subsequent to the three Business Day notice period contemplated by Section 3.5(d) of the Arrangement Agreement (and in no case during such period) to reaffirm its recommendation of the Arrangement by press release promptly in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.5(d) of the Arrangement Agreement which results in any Acquisition Proposal not being a Superior Proposal.
- (f) Tourmaline agreed that all information that may be provided to it by Chinook with respect to any Acquisition Proposal pursuant to Section 3.5 of the Arrangement Agreement shall be treated as if it were "Evaluation Material" as that term is defined in the Chinook Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Chinook Confidentiality Agreement or in order to enforce its rights under the Arrangement Agreement in legal proceedings.
- (g) Nothing in the Arrangement Agreement prevents the Chinook Board from complying with Section 2.17 of Multilateral Instrument 62-104 and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal.

Conditions of Closing

Mutual Conditions

The respective obligations of the Parties to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Arrangement Resolution. The Arrangement Resolution shall have been passed by the Chinook Shareholders in accordance with the Interim Order by the Outside Date.
- (b) Final Order. The Final Order shall have been granted by the Outside Date in form and substance satisfactory to Tourmaline and Chinook, acting reasonably and such order shall not have been set aside or modified in a manner unacceptable to Tourmaline and Chinook, acting reasonably, on appeal or otherwise.
- (c) Articles of Arrangement. The Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Tourmaline and Chinook, acting reasonably.
- (d) Third Party Approvals. Tourmaline and Chinook shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties

and Governmental Authorities, on terms and conditions satisfactory to the Parties, acting reasonably (collectively, the "**Third Party Approvals**").

- (e) Outside Date. The Effective Date shall be on or before the Outside Date.
- (f) Waiting Periods. All domestic and foreign statutory and regulatory waiting periods applicable to the transactions contemplated by the Arrangement, shall have expired or have been terminated and no unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period.
- (g) No Actions. There shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated in the Arrangement Agreement; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement.

Additional Conditions in Favour of Tourmaline

The Arrangement Agreement provides that the obligations of Tourmaline to complete the Arrangement are subject to the fulfillment of a number of additional conditions, each of which is for the benefit of Tourmaline and may be waived by it. These additional conditions include:

- (a) Representations and Warranties. The representations and warranties of Chinook set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date) and Chinook shall have provided to Tourmaline a certificate of two senior officers certifying such accuracy at the Effective Date, provided that Chinook shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Tourmaline (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants. Chinook shall have complied in all material respects with its covenants in the Arrangement Agreement, and Chinook shall have provided to Tourmaline a certificate of two senior officers certifying compliance with such covenants; provided that Chinook shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Tourmaline (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Tourmaline, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Chinook.
- (d) No Material Adverse Change. Between the date of the Arrangement Agreement and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Chinook.

- (e) Chinook Board and Chinook Shareholder. Chinook shall have furnished Tourmaline with:
 - (i) certified copies of the resolutions duly passed by the Chinook Board approving the Arrangement Agreement and the consummation of the transactions contemplated thereby; and
 - (ii) certified copies of the resolution of Chinook Shareholders, duly passed at the Meeting, approving the Arrangement Resolution.
- (f) Dissent Rights. Holders of Chinook Common Shares that have validly exercised, and not withdrawn, Dissent Rights shall represent not more than 17% of the Chinook Common Shares then outstanding.
- (g) Chinook Securities. Immediately prior to the Effective Time: (i) the aggregate number of Chinook Common Shares issued and outstanding shall not exceed 238,752,801; (ii) there shall be no other shares or other securities in the capital of Chinook outstanding; and (iii) no Person shall have any agreement or option or any right or privilege (whether by law, pre emptive right, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any unissued Chinook Common Shares or other equity interests in Chinook and all Chinook Options shall have been exercised or terminated pursuant to the Chinook Option Cancellation Agreements or the Plan of Arrangement or otherwise dealt with in a manner acceptable to Tourmaline.
- (h) Releases. Chinook shall have used reasonable commercial efforts to ensure that executed mutual releases in a form acceptable to Tourmaline, acting reasonably, shall have been received by Tourmaline on or prior to the Effective Date from each Person who is a director, officer or employee of Chinook and who is entitled to receive a severance amount or other payment as a consequence of the Arrangement.
- (i) Resignations and Releases. Executed resignations and mutual releases, in form satisfactory to Tourmaline, acting reasonably, shall have been received by Tourmaline from all of the directors of Chinook (effective as of the Effective Time).
- (j) Production. Chinook's average daily working interest production for the month of March 2020 shall not have been less than 3,500 barrels of oil equivalent ("**boe**") per day of natural gas, oil and natural gas liquids, provided that this production threshold shall be reduced by decreases in Chinook production caused by temporary uncontrolled third party events. For the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes.
- (k) Certain Payments. At the Effective Time, Outstanding Indebtedness shall not exceed \$9,340,750 and the Chinook Transaction Costs, Net Debt, Chinook Change of Control and Severance Payments and Chinook Office Lease Obligations shall not exceed the respective amounts therefor set forth in the Chinook Disclosure Letter.
- (l) Chinook Related Parties. At the Effective Time, there shall be no amounts owing to Chinook by any Chinook Related Party.

Additional Conditions in Favour of the Corporation

The Arrangement Agreement provides that the obligation of the Corporation to complete the Arrangement is subject to the following conditions, each of which is for the benefit of the Corporation and may be waived by it:

- (a) Representations and Warranties. The representations and warranties of Tourmaline set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to

materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Tourmaline shall have provided to Chinook a certificate of two senior officers or authorized signatories certifying such accuracy on the Effective Date, provided that Tourmaline shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Chinook (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (b) **Covenants.** Tourmaline shall have complied in all material respects with its covenants in the Arrangement Agreement, and Tourmaline shall have provided to Chinook a certificate of two senior officers certifying compliance with such covenants; provided that Tourmaline shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Chinook (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) **No Actions.** No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Chinook, acting reasonably, in either case has had or, if the Arrangement was consummated, would materially delay or significantly impede the ability of the Parties to complete the Arrangement.
- (d) **Tourmaline Board Authorization.** Tourmaline shall have furnished Chinook with certified copies of the resolutions duly passed by the Tourmaline Board approving the Arrangement Agreement and the consummation of the transactions contemplated thereby.
- (e) **Purchase Consideration.** Tourmaline shall have deposited or caused to be deposited in escrow with the Depositary under the Arrangement sufficient funds to pay the aggregate amount of Cash Consideration per Share payable for all issued and outstanding Chinook Common Shares pursuant to the Arrangement in accordance with the Plan of Arrangement.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date (or such earlier date as is specified below):

- (a) by mutual written consent of Tourmaline and Chinook;
- (b) as provided in Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement;
- (c) by Tourmaline upon the occurrence of a Tourmaline Damages Event as provided in Section 6.1 of the Arrangement Agreement; and
- (d) by Chinook upon the occurrence of a Tourmaline Damages Event as provided in Section 6.1 of the Arrangement Agreement, provided Chinook has complied with its obligations set forth in Section 3.5(d) of the Arrangement Agreement, as applicable, and the payment by Chinook to Tourmaline of the amount required by Section 6.1 of the Arrangement Agreement.

If the Arrangement Agreement is terminated in accordance with the foregoing, the Arrangement Agreement shall forthwith become void and neither Chinook nor Tourmaline shall have any liability or further obligation to the other Party under the Arrangement Agreement except as provided in Article 6 and Section 4.3 of the Arrangement

Agreement and each Party's obligations under the Chinook Confidentiality Agreement, which shall survive such termination, and provided that neither the termination of the Arrangement Agreement nor anything contained in Section 8.1(b) of the Arrangement Agreement shall relieve any Party from any liability for any fraud or wilful breach by it of the Arrangement Agreement, prior to the date of such termination.

Tourmaline Termination Fee

If at any time after the execution of the Arrangement Agreement and prior to its termination (and provided that there is no breach or non-performance by Tourmaline of a material provision of the Arrangement Agreement):

- (a) the Chinook Board fails to recommend that holders of Chinook Common Shares vote in favour of the Arrangement or withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Tourmaline, any of its recommendations or determinations referred to in Section 2.8 of the Arrangement Agreement;
- (b) the Chinook Board shall have failed to publicly reaffirm any of its recommendations or determinations referred to in Section 2.8 of the Arrangement Agreement in accordance with Section 3.5(e) of the Arrangement Agreement or within three Business Days of any written request to do so by Tourmaline (or, in the event that the Meeting to approve the Arrangement is scheduled to occur within such three Business Day period, prior to the scheduled date of such Meeting);
- (c) prior to the date of the Meeting, a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Chinook Shareholders or to Chinook and the Chinook Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval, and such Acquisition Proposal, an amended version thereof or any other Acquisition Proposal relating to Chinook is consummated within 12 months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made;
- (d) the Chinook Board or any committees of the Chinook Board accepts, recommends, approves or enters into a definitive agreement to implement a Superior Proposal;
- (e) Chinook is in non-compliance with any of its covenants made in the Arrangement Agreement where, other than in the case of Section 3.5 of the Arrangement Agreement, such non-compliance individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, Chinook and Chinook fails to cure such breach within five Business Days after receipt of written notice thereof from Tourmaline (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or
- (f) Chinook is in breach of any representation or warranty made in the Arrangement Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Chinook and Chinook fails to cure such breach within five Business Days after receipt of written notice thereof from Tourmaline (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date),

(each of the above being a "**Tourmaline Damages Event**"), then in the event of the termination of the Arrangement Agreement pursuant to Article 8 of the Arrangement Agreement, Chinook shall pay to Tourmaline (or to whom Tourmaline may direct in writing) \$1.75 million (the "**Tourmaline Termination Fee**") as liquidated damages in immediately available funds to an account designated by Tourmaline within one Business Day after the first to occur of the events described above. Following a Tourmaline Damages Event, but prior to payment of the Tourmaline Termination Fee, Chinook shall and shall be deemed to hold such payment in trust for Tourmaline.

Amendment

The Arrangement Agreement provides that it may at any time and from time to time before or after the holding of the Meeting be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of Chinook Shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties thereto;
- (b) waive any inaccuracies or modify any representation or warranty contained therein or in any document delivered pursuant to the Arrangement Agreement;
- (c) waive compliance with or modify any of the covenants therein contained and waive or modify performance of any of the obligations of the Parties thereto; or
- (d) waive compliance with or modify any other conditions precedent contained in the Arrangement Agreement,

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Chinook Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

The Arrangement Agreement also provides that the Parties may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Meeting, approved by the Court; and (iii) communicated to holders of Chinook Common Shares if and as required by the Court. The Arrangement Agreement further provides that other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by Chinook or Tourmaline at any time prior to or at the Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting, shall become part of the Plan of Arrangement for all purposes. Any amendment to the Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if it is consented to by each of the Parties and is not adverse to the financial interests of any former Chinook Shareholder.

Procedure for Exchange of Chinook Common Shares

General

In order to receive the Cash Consideration per Share on completion of the Arrangement, Chinook Shareholders must deposit with the Depositary (at the address specified on the last page of the Letter of Transmittal) a duly completed Letter of Transmittal together with the holder's certificates representing Chinook Common Shares and such other documents as may be required thereby.

Chinook Shareholders whose Chinook Common Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to exchange their Chinook Common Shares for consideration payable to them under the Arrangement.

The use of the mail to transmit certificates representing Chinook Common Shares and the Letter of Transmittal is at each holder's risk. Chinook recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefor be obtained or, if mailed, that registered mail with return receipt be used and that the appropriate insurance be obtained.

Subject to the terms of the Arrangement, Dissenting Chinook Shareholders who ultimately are not entitled to be paid the fair value of their Chinook Common Shares will be entitled to receive the Cash Consideration per Share to which they are entitled under the Arrangement.

If the Letter of Transmittal is executed by a Person other than the registered holder(s) of the Chinook Common Shares being deposited or if the consideration payable in exchange for the Chinook Common Shares is to be paid to a Person other than such registered owner(s) or sent to an address other than the address of the registered holder(s) as shown on the register of Chinook Shareholders maintained by Chinook's registrar and transfer agent, the signature on the Letter of Transmittal must be medallion guaranteed by an Eligible Institution. If the Letter of Transmittal is executed by a Person other than the registered owner(s) of the Chinook Common Shares deposited therewith, and in certain other circumstances as set forth in the Letter of Transmittal, then the certificate(s) representing Chinook Common Shares must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s). The signature(s) on the endorsement panel or share transfer power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be medallion guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Chinook Common Shares deposited pursuant to the Arrangement will be determined by Tourmaline in its sole discretion. Depositing Chinook Shareholders agree that such determination shall be final and binding. Tourmaline reserves the absolute right to reject any and all deposits which Tourmaline determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. Tourmaline reserves the absolute right to waive any defect or irregularity in the deposit of any Chinook Common Shares. There shall be no duty or obligation on Tourmaline, the Depository or any other Person to give notice of any defect or irregularity in any deposit of Chinook Common Shares and no liability shall be incurred by any of them for failure to give such notice.

Tourmaline reserves the right to permit the procedure for the exchange of Chinook Common Shares for the Cash Consideration per Share pursuant to the Arrangement to be completed other than as set forth above.

Tourmaline has retained the services of the Depository for the receipt of certificates representing Chinook Common Shares and the related Letters of Transmittal deposited under the Arrangement and for the payment for Chinook Common Shares by Tourmaline pursuant to the Arrangement. The Depository will receive reasonable and customary compensation from Tourmaline for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses in connection therewith.

From and after the Effective Time, certificates formerly representing Chinook Common Shares exchanged pursuant to the Plan of Arrangement shall represent only the right to receive the consideration to which the holders are entitled pursuant to the Arrangement.

Cancellation of Rights

Each certificate formerly representing Chinook Common Shares that is not deposited with all other documents as required pursuant to the Plan of Arrangement on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature to receive the consideration to which a former Chinook Shareholder is entitled under the Arrangement, and for greater certainty, the right of such former Chinook Shareholder to receive its applicable aggregate Cash Consideration per Share shall be deemed to be returned to Tourmaline.

Return of Chinook Common Shares

Should the Arrangement not be completed, any deposited Chinook Common Shares will be returned to the depositing Chinook Shareholder at Tourmaline's expense upon written notice to the Depository from Tourmaline by returning the deposited Chinook Common Shares (and any other relevant documents) by first class insured mail in the name of and to the address specified by the Chinook Shareholder in the Letter of Transmittal or, if such name and address is not so specified, in such name and to such address as shown on the register maintained by Chinook's registrar and transfer agent.

Rights of Dissent

The following description of the rights of Dissenting Chinook Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Chinook Shareholder who seeks payment of the fair value of such holder's Chinook Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Information Circular as Appendix "B", and the text of Section 191 of the ABCA, which is attached to this Information Circular as Appendix "E". A Dissenting Chinook Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order. Failure to comply with the provisions of that section, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order, a registered Chinook Shareholder is entitled, in addition to any other rights the holder may have, to dissent and to be paid by Tourmaline the fair value of the Chinook Common Shares held by the holder in respect of which the holder dissents, determined as of the close of business on the last business day before the day on which the resolution from which such holder dissents was adopted. **Only registered Chinook Shareholders may dissent. Persons who are Beneficial Shareholders who hold Chinook Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Chinook Common Shares. Accordingly, a Beneficial Shareholder desiring to exercise Dissent Rights must make arrangements for the Chinook Common Shares beneficially owned by such Beneficial Shareholder to be registered in the name of such Beneficial Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Chinook Common Shares to dissent on behalf of the Beneficial Shareholder.**

A Dissenting Chinook Shareholder must send to Chinook a written objection to the Arrangement Resolution, which written objection must be received by Chinook, c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Andrew Sunter, by 5:00 p.m. (Calgary time) on the Business Day which is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). No Chinook Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement. A registered holder of Chinook Common Shares may not exercise the right to dissent in respect of only a portion of such holder's Chinook Common Shares, but may dissent only with respect to all of the Chinook Common Shares held by the holder.

An application may be made to the Court by Tourmaline or by a Dissenting Chinook Shareholder after adoption of the Arrangement Resolution to fix the fair value of the Dissenting Chinook Shareholder's Chinook Common Shares. If such an application to the Court is made by either Tourmaline or a Dissenting Chinook Shareholder, Tourmaline must, unless the Court otherwise orders, send to each Dissenting Chinook Shareholder a written offer to pay such Person an amount considered by the board of directors of Tourmaline to be the fair value of the Chinook Common Shares held by such Dissenting Chinook Shareholders. The offer, unless the Court otherwise orders, will be sent to each Dissenting Chinook Shareholder at least 10 days before the date on which the application is returnable, if Tourmaline is the applicant, or within 10 days after Tourmaline is served with notice of the application, if a Dissenting Chinook Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Chinook Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Chinook Shareholder may make an agreement with Tourmaline for the purchase of such Dissenting Chinook Shareholder's Chinook Common Shares in the amount of Tourmaline's offer (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Chinook Common Shares.

A Dissenting Chinook Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Court will make an order fixing the fair value of the Chinook Common Shares of all Dissenting Chinook Shareholders who are parties to the application, giving judgment in that amount against Tourmaline and in favour of each of those

Dissenting Chinook Shareholders, and fixing the time within which Tourmaline must pay that amount payable to the Dissenting Chinook Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Chinook Shareholder calculated from the date on which the Dissenting Chinook Shareholder ceases to have any rights as a Chinook Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Tourmaline and the Dissenting Chinook Shareholder as to the payment to be made by Tourmaline to the Dissenting Chinook Shareholder, or the pronouncement of a Court order, whichever first occurs, the Dissenting Chinook Shareholder will cease to have any rights as a Chinook Shareholder other than the right to be paid the fair value of such Dissenting Chinook Shareholder's Chinook Common Shares in the amount agreed to between Tourmaline and the Dissenting Chinook Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Chinook Shareholder may withdraw his dissent, or if the Arrangement has not yet become effective Tourmaline may rescind the Arrangement Resolution, and, in either event, the dissent and appraisal proceedings in respect of that Dissenting Chinook Shareholder will be discontinued.

Tourmaline shall not make a payment to a Dissenting Chinook Shareholder under Section 191 if there are reasonable grounds for believing that Tourmaline is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Tourmaline would thereby be less than the aggregate of its liabilities. In such event, Tourmaline shall notify each Dissenting Chinook Shareholder that it is lawfully unable to pay Dissenting Chinook Shareholders for their Chinook Common Shares in which case the Dissenting Chinook Shareholder may, by written notice to Tourmaline within 30 days after receipt of such notice, withdraw such holder's written objection, in which case such Dissenting Chinook Shareholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Chinook Shareholder. If the Dissenting Chinook Shareholder does not withdraw such holder's written objection such Dissenting Chinook Shareholder retains status as a claimant against Tourmaline to be paid as soon as Tourmaline is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to creditors but prior to its shareholders.

All Chinook Common Shares held by Chinook Shareholders who exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to Tourmaline on the Effective Date in exchange for the fair value as of the close of business on the last business day before the Arrangement Resolution is approved by holders of Chinook Common Shares. If such Dissenting Chinook Shareholders ultimately are not entitled to be paid the fair value for the Chinook Common Shares, such Dissenting Chinook Common Shares will be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Chinook Common Shares notwithstanding the provisions of Section 191 of the ABCA.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Chinook Shareholder who seeks payment of the fair value of their Chinook Common Shares. Section 191 of the ABCA and the terms of the Interim Order require adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, each Dissenting Chinook Shareholder who is considering the right to dissent and appraisal should carefully consider and comply with the provisions of that section and the Interim Order, the full text of which are set out in Appendices E and B, respectively, to this Information Circular, as modified by the Interim Order, and consult their own legal advisor.**

The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the obligation of Tourmaline to complete the Arrangement, that there shall not, as of the Effective Date, be Chinook Shareholders that hold in excess of 17% of the outstanding Chinook Common Shares that have validly exercised, and not withdrawn, Dissent Rights.

Interests of Directors and Executive Officers in the Arrangement

Except as described below, management of the Corporation is not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise of any director or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in the Arrangement.

Chinook Common Shares

As at March 10, 2020, the directors and executive officers of Chinook and their associates and affiliates beneficially owned, controlled or directed, directly or indirectly, an aggregate of 3,203,865 Chinook Common Shares (excluding Chinook Common Shares underlying outstanding Chinook Options).

All of the Chinook Common Shares held by such directors and executive officers of Chinook and their associates and affiliates will be treated in the same manner under the Arrangement as Chinook Common Shares held by any other Chinook Shareholder. If the Arrangement is completed, the directors and executive officers of Chinook and their associates and affiliates will receive in exchange for such Chinook Common Shares an aggregate of approximately \$216,261.

The Chinook Common Shares held by each individual director and executive officer and their respective associates and affiliates are set out in the table below under "*Summary of Interests of Directors and Executive Officers in the Arrangement*".

Chinook Options

The directors and executive officers of Chinook hold an aggregate of 12,860,900 outstanding Chinook Options, all of which are "out-of-the-money". All Chinook Optionholders have entered into Chinook Option Cancellation Agreements whereby holders of Chinook Options have agreed to surrender for cancellation for all Chinook Options held by such Chinook Optionholder immediately prior to the Effective Time for nominal consideration.

Severance

If the Arrangement is completed, officers, employees and certain consultants of Chinook will receive an amount not to exceed, in the aggregate, \$2,650,002 million in severance in connection with the Arrangement.

The severance to be received by each individual officer is set out in the table below under "*Summary of Interests of Directors and Executive Officers in the Arrangement*".

Continuing Insurance Coverage for Directors and Officers of Chinook

Pursuant to the Arrangement Agreement, Tourmaline has agreed that, for a period of six years after the Effective Time, Tourmaline shall, or shall cause Chinook or any successor of Chinook (including any successor resulting from the winding up or liquidation or dissolution of Chinook) to, maintain Chinook's current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run off" basis, subject in either case to terms and conditions no less advantageous to the directors and officers of Chinook than those contained in the policy in effect on the date of the Arrangement Agreement, for all present and former directors and officers of Chinook, covering claims made prior to or within six years after the Effective Time.

Summary of Interests of Directors and Executive Officers in the Arrangement

The interests of the directors and executive officers of the Corporation and their respective associates and affiliates in the Arrangement are summarized in the following table. The Chinook Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Chinook Shareholders.

Name ⁽³⁾	Position	Number of Chinook Common Shares Held	Dollar Value of Consideration Receivable Pursuant to the Arrangement in Exchange for Chinook Common Shares Held (\$)	Cash Payment to be made pursuant to Severance Payments ⁽¹⁾⁽²⁾ (\$)
Jill T. Angevine	Director	36,743	2,480.15	-
Robert J. Herdman	Director	14,568	983.34	-
Robert J. Iverach, Q.C.	Director	46,211	3,119.24	-
Walter J. Vratarić	President, Chief Executive Officer and a Director	1,014,602	68,485.64	475,496.39
Jason B. Dranchuk	Vice President, Finance and Chief Financial Officer	500,985	33,816.49	442,785.83
Timothy S. Halpen	Chief Operating Officer	604,231	40,785.59	422,840.56
Darrel G. Zacharias	Vice President, Exploration	572,241	38,626.27	398,906.25
Chad T. Lerner	Vice President, Land	414,284	27,964.17	359,973.00
Fred D. Davidson	Corporate Secretary	-	-	-

Notes:

- (1) The President and Chief Executive Officer, Vice President, Finance and Chief Financial Officer, Chief Operating Officer, Vice President, Exploration and Vice President, Land each have employment agreements with Chinook which provide that the employment of these executive officers can be terminated at any time for just cause (in which case there are no payments other than accrued vacation, earned salary, and reimbursement of expenses). In the event that Chinook terminates the executive change of control agreements and these executive officers without just cause on, or in the one year after, a change of control the executives are, in addition to accrued salary, vacation and reimbursable expenses, entitled to an amount equal to 1.5 times the sum of (i) annual salary, (ii) 15% for loss of benefits and perquisites, and (iii) the average of cash bonuses paid in the 24 months preceding the last day of employment. It is expected that the employment of each of the above noted officers will be terminated (without cause) effective the Effective Date.
- (2) Before all required withholding taxes.
- (3) All of the Chinook Optionholders have entered into the Chinook Option Cancellation Agreements pursuant to which all outstanding Options will be cancelled immediately prior to the Effective Time for nominal consideration.

Securities Law Matters

If any related party of Chinook is entitled to receive a "collateral benefit", as defined in MI 61-101, in connection with the Arrangement, the Arrangement will constitute a "business combination" for purposes of MI 61-101. If the Arrangement constitutes a "business combination" under MI 61-101, the Arrangement Resolution may require "minority approval" and the Arrangement may require a "formal valuation" in accordance with MI 61-101.

If "minority approval" is required, the Arrangement Resolution must be approved by a majority of the votes cast by the Chinook Shareholders, excluding those votes attaching to Chinook Common Shares beneficially owned, or over which control or direction is exercised, by the directors and officers of Chinook and any of their respective joint actors (as defined in MI 61-101) who may receive a "collateral benefit" in connection with the Arrangement. This approval is in addition to the requirement that the Arrangement Resolution must be approved by not less than 66% of the votes cast by the Chinook Shareholders that vote in person or by proxy at the Meeting.

In connection with the Arrangement, each of the executive officers of Chinook are expected to be terminated, without cause, on the Effective Date, and shall be entitled to severance amounts as a result (see Note (1) under "*The Arrangement – Interests of Directors and Executive Officers in the Arrangement – Summary of Interests of Directors and Executives Officers in the Arrangement*"). The receipt of severance amounts under the employment agreements may be considered to be considered "collateral benefits" received by the applicable officers of Chinook for the purposes of MI 61-101. MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, the benefits are disclosed in the disclosure document for the transaction, and either: (a) at the time the transaction is agreed to, the related party and its associated entities (as defined in MI 61-101) beneficially own, or exercise control or direction over, less than 1% of the outstanding equity securities (being, in the case of Chinook, the Chinook Common Shares); or (b) an independent committee of directors determines, acting in good faith, that the value of the benefits received by a related party, net of any offsetting costs to the related party, is less than 5% of the value the related party expects to receive pursuant to the transaction, provided that the independent committee's determination is disclosed in the Information Circular.

The applicable officers of Chinook, and their associated entities, who are receiving any of the foregoing benefits as a result of the Arrangement, each beneficially own, or exercise control or direction over, less than 1% of the outstanding Chinook Common Shares. Accordingly, such persons will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the receipt of severance payments. See "*The Arrangement – Interests of Directors and Executive Officers in the Arrangement*".

The Arrangement is not subject to the "formal valuation" requirements under MI 61-101, provided that MI 61-101 requires Chinook to disclose any "prior valuations" (as defined in MI 61-101) of Chinook or its material assets or securities made within the 24-month period preceding the date of this Information Circular. After reasonable inquiry, neither Chinook nor any director or officer of Chinook has knowledge of any such "prior valuation". Disclosure is also required for any bona fide prior offer for the Chinook Common Shares during the 24 months before the Arrangement Agreement was agreed to. There has not been any such offer during the 24 months before the Arrangement Agreement was agreed to.

Expenses

The estimated fees, costs and expenses of the Corporation in connection with the Arrangement contemplated herein including, without limitation, severance payments resulting from the change of control, financial advisory fees, filing fees, legal and accounting fees, proxy solicitation fees and printing and mailing costs are not anticipated to exceed \$3.186 million.

Legal Matters

Certain legal matters in connection with the Arrangement will be passed upon for Tourmaline by Burnet, Duckworth & Palmer LLP insofar as Canadian legal matters are concerned.

Certain legal matters in connection with the Arrangement will be passed upon for the Corporation by Burnet, Duckworth & Palmer LLP insofar as Canadian legal matters are concerned.

As at the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, each owned, directly or indirectly, less than 1% of the outstanding Chinook Common Shares and less than 1% of the outstanding Tourmaline Common Shares. In addition, none of the partners and associates of Burnet, Duckworth & Palmer LLP is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or Tourmaline or of any associate or affiliate of the Corporation or Tourmaline except for Mr. Fred Davidson, the Corporate Secretary of the Corporation who is a partner at Burnet, Duckworth & Palmer LLP, which law firm renders legal services to the Corporation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, counsel for Chinook, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to a Chinook Shareholder who, for purposes of the Tax Act, and at all relevant times, deals at arm's length with each of Chinook and Tourmaline and is not affiliated with Chinook or Tourmaline, holds its Chinook Common Shares as capital property, and disposes of such Chinook Common Shares under the Arrangement (a "**Holder**"). Chinook Common Shares will generally be considered to be capital property to a Holder unless the Holder holds such Chinook Common Shares in the course of carrying on a business of buying and selling securities or the Holder acquired such Chinook Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Chinook Common Shares might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Chinook Common Shares and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of existing case law and the published administrative practices of the CRA. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is not applicable to a Holder: (a) that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) an interest in which is a "tax shelter" or "tax shelter investment" within the meaning of the Tax Act; (c) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (d) that entered into a "derivative forward agreement" or "synthetic disposition arrangement", each as defined in the Tax Act, with respect to the Chinook Common Shares; (e) that acquired Chinook Common Shares pursuant to a Chinook Option or other equity-based employment compensation plan or arrangement; (f) that is exempt from tax under the Tax Act; or (g) that is a partnership. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Chinook Shareholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Chinook Common Shares under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws.

Chinook Shareholders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Disposition of Chinook Common Shares under the Arrangement

Under the Arrangement, Resident Holders (other than a Dissenting Resident Holders) will transfer their Chinook Common Shares to Tourmaline in exchange for the Cash Consideration per Share, and will realize a capital gain (or a capital loss) equal to the amount by which the aggregate Cash Consideration per Share received exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Chinook Common Shares immediately

prior to the disposition and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Capital Gains and Capital Losses*".

Dissenting Resident Holders of Chinook Common Shares

A Resident Holder of Chinook Common Shares who dissents from the Arrangement (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Chinook Common Shares to Tourmaline and will be entitled to receive a payment from Tourmaline of an amount equal to the fair value of the Dissenting Resident Holder's Chinook Common Shares. A Dissenting Resident Holder of Chinook Common Shares who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of their Chinook Common Shares by Tourmaline will realize a capital gain (or capital loss) to the extent that the amount received exceeds (or is less than) the aggregate of the adjusted cost base of the Chinook Common Shares to the Dissenting Resident Holder immediately prior to the disposition and reasonable costs of the disposition. See "*Capital Gains and Capital Losses*". A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any capital loss otherwise resulting from the disposition of Chinook Common Shares may be reduced by the amount of dividends previously received or deemed to be received to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Chinook Common Shares, directly or indirectly, through a partnership or a trust.

Additional Refundable Tax

A Resident Holder that is a Canadian-controlled private corporation, as defined in the Tax Act, will be subject to a refundable tax in respect of its aggregate investment income for the year, which may include any capital gains realized on a disposition of Chinook Common Shares.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, Chinook Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on business in Canada and elsewhere or an authorized "foreign bank", as defined in the Tax Act. In addition, this discussion is not applicable to a Non-Resident Holder that is, or does not deal at arm's length with, a "specified shareholder", as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisors.

Disposition of Chinook Common Shares under the Arrangement

A Non-Resident Holder who disposes of Chinook Common Shares under the Arrangement will realize a capital gain or a capital loss computed in the manner described above under the heading "*Chinook Shareholders Resident in Canada – Disposition of Chinook Common Shares under the Arrangement*". A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain, or entitled to deduct any capital loss, realized on the disposition of Chinook Common Shares to Tourmaline under the Arrangement unless such Chinook Common Shares constitute

"taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading "*Taxable Canadian Property*".

Taxable Canadian Property

Provided the Chinook Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition, Chinook Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, at any time during the 60-month period preceding the disposition, (1) (a) the Non-Resident Holder, (b) persons not dealing at arm's length with such Non-Resident Holder, (c) partnerships in which the Non-Resident Holder or a person described in (b) holds an interest directly by or through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of the capital stock of Chinook; and (2) more than 50% of the fair market value of the Chinook Common Shares was derived directly or indirectly from one or any combination of: (w) real or immovable property situated in Canada; (x) Canadian resource properties"; (y) "timber resource properties"; and (z) options in respect of, or interests in or rights in property described in (w) to (y) (as such terms are defined in the Tax Act).

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Chinook Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property. Non-Resident Holders whose Chinook Common Shares may constitute taxable Canadian property should consult their own tax advisors.

Even if the Chinook Common Shares are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of Chinook Common Shares will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Chinook Common Shares constitute "treaty-protected property". Chinook Common Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such Chinook Common Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act. In the event that Chinook Common Shares constitute taxable Canadian property but not treaty protected property to a particular Non-Resident Holder, the tax consequences as described above under "*Chinook Shareholders Resident in Canada – Disposition of Chinook Common Shares under the Arrangement*" and "*Chinook Shareholders Resident in Canada – Capital Gains and Capital Losses*" will generally apply. A Non-Resident Holder who disposes of taxable Canadian property and such property is not treaty-protected property, must file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result. Non-Resident Holders owning Chinook Common Shares that may be "taxable Canadian property" should consult their tax advisors.

Dissenting Non-Resident Holders of Chinook Common Shares

A Non-Resident Holder of Shares who dissents from the Arrangement (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Chinook Common Shares to Tourmaline and will be entitled to receive a payment from Tourmaline of an amount equal to the fair value of the Dissenting Non-Resident Holder's Chinook Common Shares. Non-Resident Holders who intend to dissent from the Arrangement are urged to consult their own tax advisors. Dissenting Non-Resident Holders will generally be subject to the same treatment described above under the headings "*Disposition of Chinook Common Shares under the Arrangement*" and "*Taxable Canadian Property*". Any interest paid or deemed to be paid to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax.

OTHER TAX CONSIDERATIONS

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Chinook Shareholders. Chinook Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Chinook Shareholders should also consult their own tax advisors regarding relevant provincial, territorial or state tax considerations of the Arrangement.

RISK FACTORS

The following are risks related specifically to the Arrangement.

The Completion of the Arrangement is Subject to Certain Conditions

There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Arrangement could materially negatively impact the price of the Chinook Common Shares.

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of the Corporation and Tourmaline, including approval of the Chinook Shareholders and receipt of the Final Order. There can be no certainty, nor can the Corporation, nor Tourmaline, provide any assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the Chinook Board believes that the market price of the Chinook Common Shares will be adversely affected.

Chinook Expects to Incur Significant Costs Associated with the Arrangement

Chinook will incur significant direct transaction costs in connection with the Arrangement. Actual direct transaction costs incurred in connection with the Arrangement may be higher than expected. Moreover, certain of Chinook's costs related to the Arrangement, including legal, financial advisory services, accounting, printing and mailing costs, must be paid even if the Arrangement is not completed.

Forward-looking Statements May Prove to be Inaccurate

Chinook Shareholders are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statement or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties can be found in this Information Circular under the heading "*Forward-looking Statements*".

If the Arrangement is Not Completed, Chinook's Future Business and Operations Could be Harmed

If the Arrangement is not completed, Chinook may be subject to a number of additional material risks, including the following:

- Chinook may have lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the Arrangement Agreement, such as covenants affecting the conduct of its business outside the ordinary course of business;
- Chinook may be unable to obtain additional sources of financing or conclude another sale, merger or amalgamation on as favourable terms, in a timely manner, or at all; and
- the obligations of Chinook to pay the Tourmaline Termination Fee pursuant to the terms of the Arrangement Agreement in certain circumstances.

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Chinook to be used at the Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper

publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of Chinook who will be specifically remunerated therefor. All costs of the solicitation will be borne by the Corporation.

Chinook has not made a decision to engage proxy solicitation agents to encourage the return of completed proxies by Chinook Shareholders and to solicit proxies in favour of the matters to be considered at the Meeting. Chinook may however do so (and may be required to do so by Tourmaline pursuant to the Arrangement Agreement), and if it does, the costs in respect of such services would be paid by the Corporation.

Appointment and Revocation of Proxies

Chinook Shareholders are entitled to consider and vote upon the Arrangement Resolution. Accompanying this Information Circular, in the case of registered holders of Chinook Common Shares, is a form of proxy.

The Persons named in the enclosed form of proxy are directors and officers of Chinook. A Chinook Shareholder desiring to appoint a Person (who need not be a Chinook Shareholder) to represent such Chinook Shareholder at a Meeting other than the Persons designated in the accompanying form of proxy may do so either by inserting such Person's name in the blank space provided in the appropriate form of proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Alliance Trust Company, Suite 1010, 407 – 2nd Street S.W., Calgary, Alberta T2P 2Y3, Facsimile: (403) 237-6181. A form of proxy must be received by Alliance Trust Company at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof. Failure to so deposit a form of proxy shall result in its invalidation. Registered shareholders may also vote via the internet at www.alliancetrust.ca. Votes by internet must also be received by the foregoing cut off time.

A Chinook Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by depositing an instrument in writing executed by such Chinook Shareholder or by such Chinook Shareholder's attorney duly authorized in writing and deposited at the above mentioned office of Alliance Trust Company at any time up to and including the last Business Day preceding the day of the Meeting at which the proxy is to be used, or an adjournment of such Meeting, or with the chairman of such Meeting on the day of such Meeting or any adjournment thereof.

Beneficial Shareholders

The information set forth in this section is of significant importance to many Chinook Shareholders, as a substantial number of Chinook Shareholders do not hold Chinook Common Shares in their own name. Chinook Shareholders who do not hold their Chinook Common Shares in their own name (the "**Beneficial Shareholders**") should note that only proxies deposited by Chinook Shareholders whose names appear on the records of Chinook as registered holders of Chinook Common Shares can be recognized and acted upon at the Meeting. If Chinook Common Shares are listed in an account statement provided to a Chinook Shareholder by a broker, then, in almost all cases, those Chinook Common Shares will not be registered in the Chinook Shareholder's name on the records of Chinook. Such Chinook Common Shares will more likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such Chinook Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as a nominee for many Canadian brokerage firms). Chinook Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients. Chinook does not know for whose benefit the securities registered in the names of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their securities in person or by way of proxy.

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions that should be carefully followed by Beneficial Shareholders in order to ensure that their Chinook Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered Chinook Shareholders. However, its purpose is limited to instructing the registered Chinook Shareholder on how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**").

Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. Beneficial Shareholders are asked to complete and return the voting instruction form to Broadridge by mail or facsimile or to follow specified telephone or internet voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If a Beneficial Shareholder receives a voting instruction form from Broadridge, it cannot be used as a proxy to vote shares directly at the Meeting as the voting instruction forms must be returned to Broadridge or the telephone or internet procedures completed well in advance of the Meeting in order to have the shares voted.

Beneficial Shareholders who do not receive physical delivery of their voting instruction form and control number by mail due to a postal disruption as a result of a Canada Post labour disruption or other cause may obtain their control number by contacting their broker, financial institution, nominee or other intermediary that holds their Chinook Common Shares. Upon obtaining their control number, Beneficial Shareholders may proceed to vote their Chinook Common Shares by accessing the Broadridge internet or telephone voting system in accordance with the directions set forth in the voting instruction form or provide directions to their broker, financial institution, nominee or other intermediary to vote on their behalf.

The form of Broadridge voting instruction form contains instructions regarding the process for voting through the Broadridge internet and telephone system. **We encourage Beneficial Shareholders to review such instructions carefully and contact their broker, nominee or other intermediary promptly to obtain their required control number or provide instructions to vote on their behalf and thereby ensure their vote is recorded through the internet and telephone system.**

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

Signature of Proxy

The form of proxy must be executed by the Chinook Shareholder or his attorney authorized in writing, or if the Chinook Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

Voting of Proxies

The persons named in the accompanying forms of proxy will vote the Chinook Common Shares in respect of which they are appointed in accordance with the direction of the Chinook Shareholder appointing them. **In the absence of such direction, such Chinook Common Shares will be voted FOR the approval of the Arrangement Resolution.**

Exercise of Discretion of Proxy

The enclosed forms of proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and this Information Circular and with respect to other matters that may properly come before the Meeting. At the date of this Information Circular, management of Chinook knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

Procedure and Vote Required

The Interim Order provides that only Chinook Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Chinook Shareholders of record will be entitled to vote those Chinook Common Shares included in the list of Chinook Shareholders prepared as at the Record Date. If a Chinook Shareholder transfers Chinook Common Shares after the Record Date and the transferee of those Chinook Common Shares, having produced properly endorsed certificates evidencing such Chinook Common Shares or having otherwise established that the transferee

owns such Chinook Common Shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Chinook Shareholders entitled to vote at the Meeting, such transferee shall be entitled to vote such Chinook Common Shares at the Meeting.

The Interim Order provides:

- (a) Chinook Shareholders shall be entitled to one vote in respect of the Arrangement Resolution for each Chinook Common Share held;
- (b) the Chairman of the Meeting shall be any officer or director of Chinook. The only Persons entitled to attend and speak at the Meeting shall be the Chinook Shareholders or their authorized representatives, Chinook's directors and officers, and its auditors, and the Executive Director of the Alberta Securities Commission and such other persons permitted to attend by the Chairman of the Meeting;
- (c) the number of votes required to pass the Arrangement Resolution shall be not less than $66\frac{2}{3}\%$ of the votes cast by Chinook Shareholders, either in person or by proxy, at the Meeting;
- (d) the quorum at the Meeting shall be at least two persons present holding or representing not less than five percent of the Chinook Common Shares entitled to be voted at the Meeting. If a quorum is not present at the opening of the Meeting, the Meeting shall be adjourned to such Business Day that is not less than seven days nor more than thirty days following the day appointed for the Meeting and to such time and place determined by the Chairman of the Meeting. No notice of the adjourned meeting shall be required other than announcement at the time of adjournment, and, if at such adjourned meeting a quorum is not present, the Chinook Shareholders present in person or by proxy shall be a quorum for all purposes; and
- (e) in all other respects, the Meeting shall be conducted in accordance with the articles and by-laws of Chinook and the ABCA, subject to such modifications as may be adopted by the Interim Order.

APPENDIX "A"

ARRANGEMENT RESOLUTION

"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF CHINOOK ENERGY INC. (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "B" to the Arrangement Agreement (as defined herein), a copy of which is attached as Appendix "C" to the Information Circular and Proxy Statement of the Corporation dated March 10, 2020 (the "**Information Circular**") be and is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement between the Corporation and Tourmaline Oil Corp. dated effective as of February 22, 2020 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix "C" to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the shareholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects."

APPENDIX "B"
INTERIM ORDER

AND UPON HEARING counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

- (a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft information circular of the Applicant (the "**Information Circular**") which is attached as Exhibit "A" to the Affidavit; and
- (b) all references to "**Arrangement**" used herein mean the arrangement as set forth in the plan of arrangement attached as Exhibit "B" to the Arrangement Agreement, which is attached as Appendix "C" to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the holders (the "**Shareholders**") of common shares of Chinook (the "**Chinook Shares**") in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct the Meeting on or about April 20, 2020. At the Meeting, the Shareholders will consider and vote upon matters related to the Corporation's annual business and will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix "A" to the Information Circular (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.
3. A quorum shall be present at the Meeting if two or more persons holding not less than 5% of the outstanding Chinook Shares entitled to vote at the Meeting are present either in person or by duly appointed proxy. If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting shall be adjourned to such date as may be determined by the Chair of the Meeting, provided that the date of the adjourned Meeting shall not be less than two (2) and not more than 30 days later. No notice of the

adjourned Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Shareholders present in person or by proxy at the adjourned meeting shall be a quorum for all purposes.

4. Each Chinook Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and shall be entitled to one vote on any other matters to be considered at the Meeting.
5. The record date for Shareholders entitled to notice of and to vote at the Meeting shall be March 10, 2020 (the "**Record Date**") and will not change in respect or as a consequence of any adjournment(s) or postponement(s) of the Meeting. Only Shareholders whose names have been entered in the register of Chinook Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of Chinook Shares who acquire Chinook Shares after the Record Date will not be entitled to vote such Chinook Shares at the Meeting unless, after the Record Date, a holder of record transfers his, her or its Chinook Shares and the transferee, upon producing properly endorsed certificates evidencing such Chinook Shares or otherwise establishing that he, she or it owns such Chinook Shares, and demands at least 10 days before the Meeting that the transferee's name be included in the list of Chinook Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Chinook Shares at the Meeting.
6. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the *ABCA*, the articles and by-laws of the Applicant in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the *ABCA* or the articles or by-laws of the Applicant, the terms of this Order shall govern.
7. Chinook is authorized and directed to send the Information Circular and other materials relating to the Meeting to the Shareholders as described at paragraphs 23 and 24 of this order.

Conduct of the Meeting

8. The Chairman of the Meeting shall be any officer or director of Chinook.
9. The only persons entitled to attend the Meeting shall be Shareholders or their authorized proxy holders, the Applicant's directors and officers and its auditors, the Applicant's legal counsel, representatives and legal counsel of other parties to the Arrangement, and such other persons who may be permitted to attend by the Chair of the Meeting.
10. The number of votes required to pass the Arrangement Resolution shall be not less than 66 2/3% of the aggregate votes cast by the Shareholders (voting together as a single class), either in person or by proxy, at the Meeting.
11. To be valid, a proxy must be deposited with Alliance Trust Company in the manner and by the deadline described in the Information Circular.
12. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.
13. Chinook, if it deems it to be advisable, may adjourn or postpone the Meeting on one or more occasions and for such period or periods of time as Chinook deems advisable, without further order of this Court and without the necessity of first convening such Meeting or first obtaining any vote of Shareholders respecting the adjournment or postponement. Notice of any such adjournment or postponement may be given by such method as Chinook determines appropriate in the circumstances (provided that such method shall not derogate from the rights of Tourmaline Oil Corp. (the "**Purchaser**"), as the other Party to the Arrangement Agreement). If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

Amendments to the Arrangement

14. The Applicant and the Purchaser are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the

Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

15. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, applicable form of proxy (collectively, the "**Proxies**"), notice of the Meeting ("**Notice of Meeting**"), form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:
 - (a) the Applicant shall advise the Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") through a widely-circulated news service;
 - (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Shareholders or otherwise give notice to the Shareholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid; and
 - (c) unless determined to be advisable by the Applicant, the Applicant shall not be required to adjourn or otherwise postpone the Meeting as a result of the disclosure of any Additional Information, including any material change, as contemplated by this paragraph.

Dissent Rights

16. The registered holders of Chinook Shares are, subject to the provisions of this Order and the Plan of Arrangement, accorded the right to dissent under Section 191 of the *ABCA* with respect to the Arrangement Resolution and the right be paid the fair value of their Chinook Shares by the Purchaser in respect of which such right to dissent was validly exercised.
17. In order for a registered Shareholder (a "**Dissenting Shareholder**") to exercise such right to dissent under section 191 of the *ABCA*:
 - (a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant, care of its counsel Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue, S.W., Calgary, Alberta, Canada T2P 1G1, Attention: Andrew Sunter, by 5:00 p.m. (Calgary time) on the business day which is two business days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time);
 - (b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under paragraph 18(a) herein;
 - (c) a Dissenting Shareholder shall not have voted his, her or its Chinook Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (d) a Shareholder may not exercise the right to dissent in respect of only a portion of the Shareholder's Chinook Shares, but may dissent only with respect to all of the Chinook Shares held by the Shareholder; and
 - (e) the exercise of such right to dissent must otherwise comply with the requirements of section 191 of the *ABCA*, this Order and the Plan of Arrangement.
18. The fair value of the Chinook Shares to which a Dissenting Shareholder may be entitled pursuant to the Arrangement shall be determined as of the close of business on the last

business day before the day on which the Arrangement Resolution is approved by the Shareholders and shall be paid to the Dissenting Shareholders by the Purchaser as contemplated by the Plan of Arrangement and this Order.

19. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 17 through 19 above, and who:
- (i) are determined to be entitled to be paid the fair value of their Chinook Shares, shall be deemed to have transferred such Chinook Shares as of the effective time of the Arrangement (the "**Effective Time**"), without any further act or formality and free and clear of all liens, claims and encumbrances to the Purchaser in exchange for the fair value of the Chinook Shares; or
 - (ii) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Chinook Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder and such Chinook Shares will be deemed to be exchanged for the consideration contemplated under the Arrangement,

but in no event shall the Applicant, the Purchaser or any other person be required to recognize such Shareholders as holders of Chinook Shares after the Effective Time, and the names of such Shareholders shall be removed from the register of Chinook Shares.

20. Subject to further order of this Court, the rights available to Shareholders under the *ABCA*, this Order and the Plan of Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Shareholders with respect to the Arrangement Resolution.
21. Notice to the Shareholders of their right to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the *ABCA*, this Order and the Plan of Arrangement, the fair value of the Chinook Shares to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Shareholders in accordance with paragraph 24 of this Order.

Notice

22. The Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of the Meeting, the Proxies, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable including the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those registered Shareholders who hold Chinook Shares as of the Record Date, the directors of the Applicant and the auditors of the Applicant by prepaid ordinary mail or otherwise delivered, at least 21 days prior to the date of the Meeting to Shareholders, at the addresses for such holders recorded in the applicable records of Chinook at the close of business on the Record Date and to the directors and auditors of Chinook. In calculating the 21-day period, the date of mailing or delivery shall be included and the date of the Meeting shall be excluded. In the case of non-registered Shareholders, the Meeting Materials shall be delivered by providing sufficient copies of the Meeting Materials to intermediaries in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.
23. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Shareholders, the directors and auditors of the Applicant of:
- (a) the Originating Application;
 - (b) this Order;
 - (c) the Notice of the Meeting; and
 - (d) the Notice of Originating Application.

The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

Solicitation of Proxies

24. Chinook is authorized to use the Form of Proxy enclosed with the Information Circular, subject to its ability to insert dates and other relevant information in the final form of such proxy. Chinook is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as Chinook may retain for that purpose, and such solicitation may be by mail or such other forms of personal and electronic communication as they may determine.

Final Application

25. Subject to further order of this Court, and provided that the Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on Monday, April 20, 2020 at 3:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the Articles of Arrangement, the Applicant, all Shareholders and all other persons affected will be bound by the Arrangement in accordance with its terms.
26. Any Shareholder or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 4:00 p.m. (Calgary time) on Tuesday, April 14, 2020 (or the Business Day that is four Business Days prior to the date of the Meeting if it is not held on April 20, 2020), a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Andrew Sunter.

27. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 26 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

28. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

(Signed) "*Paul R. Jeffrey*"

Justice of the Court of Queen's Bench of
Alberta

APPENDIX "C"
ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

BETWEEN

TOURMALINE OIL CORP.

- AND -

CHINOOK ENERGY INC.

FEBRUARY 22, 2020

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated effective as of February 22, 2020,

BETWEEN:

TOURMALINE OIL CORP., a corporation existing under the laws of the Province of Alberta (hereinafter referred to as "**Purchaser**")

AND

CHINOOK ENERGY INC., a corporation existing under the laws of the Province of Alberta (hereinafter referred to as "**Chinook**")

WHEREAS:

- A. Purchaser and Chinook wish to propose an arrangement involving, among other things, the acquisition by Purchaser of all of the issued and outstanding Chinook Common Shares;
- B. the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the ABCA; and
- C. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, the following defined terms have the meanings hereinafter set forth:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Accounting Referee**" has the meaning ascribed thereto in Section 3.8(a)(ii);
- (c) "**Acquisition Proposal**" means, with respect to Chinook, any inquiry or the making of any offer or proposal whether or not in writing to Chinook or the Chinook Shareholders from any Person (other than Purchaser or its affiliates) prior to the termination of this Agreement or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
 - (i) any direct or indirect sale, issuance or acquisition of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) in Chinook representing 20% or more of the issued and outstanding voting securities in Chinook or rights or interests therein or thereto;
 - (ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase) of assets of Chinook representing 20% or more of the consolidated assets of Chinook;

- (iii) an amalgamation, arrangement, merger, business combination, consolidation or other similar transaction involving Chinook;
- (iv) a take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving Chinook; or
- (v) any other transaction, the consummation of which could or would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which could or would reasonably be expected to materially reduce the benefits to Purchaser under this Agreement or the Arrangement;

except that for the purpose of the definition of "Superior Proposal" in Section 1.1(bbbb), the references in the definition of "Acquisition Proposal" to "20% or more of the issued and outstanding voting securities" shall be deemed to be references to "50% or more of the issued and outstanding voting securities", and the references to "20% or more of the consolidated assets" shall be deemed to be references to "all or substantially all of the assets";

- (d) "**affiliate**" has the meanings ascribed to it in the Securities Act.
- (e) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, exhibit or other portion hereof;
- (f) "**AIMCo**" means Alberta Investment Management Corporation, an Alberta crown corporation formed under the *Alberta Investment Management Corporation Act*;
- (g) "**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the Provinces and Territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (h) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (i) "**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth herein and in the Plan of Arrangement as supplemented, modified or amended;
- (j) "**Arrangement Resolution**" means the special resolution of the Chinook Shareholders in respect of the Arrangement to be considered at the Chinook Meeting substantially in the form attached hereto as Exhibit "A" hereto;
- (k) "**Articles of Arrangement**" means the articles of arrangement to be prepared by Chinook, with the cooperation, consultation and prior approval of Purchaser, acting reasonably, as provided for herein, in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted, giving effect to the Arrangement;
- (l) "**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the City of Calgary, Alberta are not generally open for business;

- (m) "**Cash Consideration per Share**" means \$0.0675 per Chinook Common Share, payable in cash;
- (n) "**Chinook**" means Chinook Energy Inc., a corporation amalgamated under the ABCA;
- (o) "**Chinook Balance Sheet**" has the meaning ascribed thereto in Section 4.2(t);
- (p) "**Chinook Board**" means the board of directors of Chinook as it may be comprised from time to time including any duly constituted and acting committee thereof;
- (q) "**Chinook Change of Control and Severance Payments**" means obligations of Chinook pursuant to all employment and consulting services agreements, termination, severance and retention plans or policies or at law for severance, termination or bonus payments and any payments pursuant to any other incentive plans (including any nominal payments made pursuant to the Chinook Option Cancellation Agreements), arising out of or in connection with the Arrangement including for greater certainty as a result of termination of employment or service;
- (r) "**Chinook Common Shares**" means the common shares in the capital of Chinook;
- (s) "**Chinook Confidentiality Agreement**" means the confidentiality agreement dated December 9, 2019 between Purchaser and Chinook entered into in connection with the transaction contemplated herein;
- (t) "**Chinook Disclosure Letter**" means the disclosure letter dated the date hereof and delivered by Chinook to Purchaser concurrent with the signing of this Agreement, as may be amended or supplemented by agreement between Chinook and Purchaser prior to the Effective Time;
- (u) "**Chinook Financial Statements**" means, collectively,
 - (i) the audited financial statements of Chinook as at and for the fiscal years ended December 31, 2018 and December 31, 2017, together with the notes thereto and the auditors' report thereon;
 - (ii) the unaudited financial statements of Chinook as at and for the nine month periods ended September 30, 2019 and 2018, together with the notes thereto; and
 - (iii) when publicly available, the audited consolidated financial statements of Chinook as at and for the fiscal years ended December 31, 2019 and December 31, 2018, together with the notes thereto and the auditors' report thereon;
- (v) "**Chinook McDaniel Report**" has the meaning ascribed thereto in Section 4.2(s);
- (w) "**Chinook Information**" means the information included in the Information Circular describing Chinook and the business, operations and affairs of Chinook;
- (x) "**Chinook Meeting**" means the annual and special meeting of Chinook Shareholders to be held to consider, among other things, the Arrangement Resolution and related matters, and any adjournment(s) thereof;
- (y) "**Chinook Office Lease Obligations**" means the base rent and estimated operating costs under the lease for Chinook's office space at Livingston Place from and including the Effective Date through to the end of the lease term (and including any such base rent and operating costs for periods prior to the Effective Date which are unpaid at the Effective Date and not included in Net Debt), net of the amounts owing to Chinook during such period pursuant to any subleases of such office space entered into prior to the Effective Date, with Tourmaline's approval, such approval not to be unreasonably withheld;
- (z) "**Chinook Option Cancellation Agreements**" means agreements to be entered into between Chinook and each of the Chinook Optionholders, in form and substance acceptable to Purchaser, acting reasonably,

whereby each Chinook Optionholder agrees to surrender for cancellation all Chinook Options held by such Chinook Optionholder immediately prior to the Effective Time for nominal consideration;

- (aa) "**Chinook Optionholders**" means holders of Chinook Options;
- (bb) "**Chinook Options**" means the outstanding "out-of-the-money" stock options of Chinook, whether or not vested, entitling the holders thereof to acquire Chinook Common Shares;
- (cc) "**Chinook Plans**" has the meaning ascribed thereto in Section 4.2(z);
- (dd) "**Chinook Public Record**" means all information filed by or on behalf of Chinook after December 31, 2018 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;
- (ee) "**Chinook Related Parties**" has the meaning ascribed thereto in Section 4.2(q);
- (ff) "**Chinook Shareholders**" means holders of Chinook Common Shares;
- (gg) "**Chinook Subsidiaries**" means the subsidiaries of Chinook as set out in the Chinook Disclosure Letter;
- (hh) "**Chinook Transaction Costs**" means, collectively, all costs of Chinook in connection with this Agreement and the Arrangement, including, without limitation, fees and expenses of financial, legal, accounting and engineering advisors, printing, mailing, solicitation (excluding proxy solicitation services contemplated by Section 3.3(z)) and shareholder communication costs and Chinook Meeting costs, but excluding the Chinook Change of Control and Severance Payments;
- (ii) "**Contract**" means, with respect to a Party, a contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party, or any of its subsidiaries, is a Party or under which such Party or any of its subsidiaries is bound, has unfulfilled obligations or contingent liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;
- (jj) "**Court**" means the Court of Queen's Bench of Alberta;
- (kk) "**Data Room**" means the electronic data room hosted by Peters & Co. in connection with the Transaction;
- (ll) "**Data Room Information**" means the information contained in the files, reports, data, documents and other materials relating to Chinook provided in the Data Room, whether or not password protected, in each case to which access was provided by Chinook to Purchaser on or before the date of this Agreement;
- (mm) "**Depository**" means the depository under the Arrangement, AST Trust Company;
- (nn) "**Disclosed Personal Information**" has the meaning ascribed thereto in Section 4.3(b);
- (oo) "**Dissent Rights**" means the rights of dissent granted in favour of registered Chinook Shareholders in respect of the Arrangement as described in the Plan of Arrangement;
- (pp) "**distribution**" means "distribution" or "distribution to the public", as the case may be, as defined under the Applicable Canadian Securities Laws; and "distribute" has a corresponding meaning;
- (qq) "**Effective Date**" means the date the Arrangement is effective under the ABCA;
- (rr) "**Effective Time**" means 12:01 a.m. (Calgary time), or such other time as may be agreed by Purchaser and Chinook, on the Effective Date;

- (ss) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, right of first refusal (triggered as a result of the Arrangement), outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;
- (tt) "**Environmental Approvals**" means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;
- (uu) "**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental or health matters including legislation governing the use and storage of Hazardous Substances and the plugging of wells;
- (vv) "**ESTMA**" means the *Extractive Sector Transparency Measures Act* (Canada) R.S.C. 2014, c. 39, s.376, as amended and any regulations made thereunder;
- (ww) "**Evaluation Material**" has the meaning ascribed thereto in Section 3.5(f);
- (xx) "**Final Order**" means the order of the Court approving the Arrangement to be applied for by Chinook following the approval of the Arrangement Resolution at the Chinook Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Chinook Shareholders, Chinook and Purchaser, as such order may be affirmed, amended or modified by the Court (with the consent of both Chinook and Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to both Chinook and Purchaser, each acting reasonably) on appeal;
- (yy) "**GAAP**" means accounting principles generally accepted in Canada applicable to public companies at the relevant time;
- (zz) "**Governmental Authority**" means any:
- (i) national, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau ministry or agency, domestic or foreign;
 - (ii) any subdivision, agent, commission, board or authority of any of the foregoing;
 - (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (iv) any stock exchange including the TSX;
- (aaa) "**Governmental Authorizations**" has the respective meanings ascribed thereto in Section 4.2(n);
- (bbb) "**Hazardous Substances**" means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws;
- (ccc) "**Information Circular**" means the management information circular and proxy statement of Chinook, together with all appendices thereto to be mailed or otherwise distributed by Chinook to the Chinook

Shareholders and such other securityholders of Chinook as may be required pursuant to the Interim Order in connection with the Chinook Meeting;

- (ddd) "**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Chinook Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (eee) "**ITA**" means the *Income Tax Act (Canada)*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (fff) "**Land Schedule**" means the schedule identified as the "Land Schedule" and disclosed in writing by Chinook to Purchaser;
- (ggg) "**Material Adverse Change**" or "**Material Adverse Effect**" means any fact or state of facts, circumstance, change, effect, occurrence or event that (A) either individually or in the aggregate prevents or materially delays, or individually or in the aggregate could reasonably be expected to prevent or materially delay, the completion of the Arrangement or (B) either individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), of the business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, production, results of operations or cash flows of Chinook and the Chinook Subsidiaries, taken as a whole, as the case may be other than any such fact or state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:
 - (i) conditions affecting the oil and gas industry generally in jurisdictions in which Chinook carries on business, and not specifically relating to Chinook, including changes in royalties, Applicable Laws or taxes;
 - (ii) general economic, financial, currency exchange, securities or commodity prices in Canada, the United States or elsewhere;
 - (iii) any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
 - (iv) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, financial, currency exchange, securities or market conditions in Canada, the United States or elsewhere;
 - (v) any changes in GAAP first proposed after the date hereof;
 - (vi) any matter which has been publicly disclosed by Chinook in the Chinook Public Record or has been communicated in writing to Purchaser, in each case prior to the date of this Agreement;
 - (vii) relating to a change in the market trading price or trading volume of the Chinook Common Shares either:
 - (A) as a direct result of this Agreement and the Arrangement or the announcement thereof; or
 - (B) as a result of a change, effect, event of occurrence excluded from the definition of Material Adverse Effect under clauses (i), (ii), (iii), (iv) or (v) hereof; or
 - (viii) any matter expressly permitted, or required, by the Chinook Disclosure Letter or this Agreement or consented to in writing by Purchaser after the date hereof;

provided, however that the change or effect referred to in (i), (ii), (iii), (iv) or (v) above does not primarily relate only to (or have the effect of primarily relating only to) Chinook or disproportionately affects Chinook and its subsidiaries, taken as a whole, as the case may be, compared to other entities of similar size operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

- (hhh) "**McDaniel**" means McDaniel & Associates Consultants Ltd., an independent qualified reserve evaluator;
- (iii) "**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;
- (jjj) "**Misrepresentation**", "**Material Change**" and "**Material Fact**" have the meanings ascribed thereto under the Applicable Canadian Securities Laws;
- (kkk) "**Net Debt**" means the net debt of Chinook which includes any and all cash, indebtedness (including bank indebtedness), working capital deficit (inclusive of accounts receivable (excluding accounts receivable from Chinook Related Parties), prepaid expenses and deposits and accounts payable), current Tax liabilities, and any and all other liabilities and audit adjustments, in each case with respect to each of the foregoing liabilities, inclusive of any and all accrued liabilities, excluding the mark-to-market value of Swaps, in each case calculated in accordance with GAAP, but excluding Chinook Change of Control and Severance Payments, Chinook Transaction Costs and Chinook Office Lease Obligations. For greater certainty, any aged receivables of Chinook greater than 90 days at the Effective Time (net of the allowance for doubtful accounts) and any other amounts that are determined by Purchaser, acting reasonably, to be unrecoverable shall be excluded from the calculation of Net Debt;
- (lll) "**Outside Date**" means June 30, 2020, or such other date as the Parties may agree;
- (mmm) "**Outstanding Indebtedness**" means the aggregate sum of the Net Debt, Chinook Transaction Costs, Chinook Change of Control and Severance Payments and Chinook Office Lease Obligations existing (and determined as at) at the Effective Date;
- (nnn) "**Parties**" means, collectively, the parties to this Agreement, and "**Party**" means any one of them;
- (ooo) "**Permitted Encumbrances**" means: (i) any overriding royalties, net profits interests or other encumbrances applicable to the interests of Chinook in its petroleum and natural gas rights and leases which are set forth in the Land Schedule; (ii) easements, rights of way, servitudes or other similar rights, including, without limitation, rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, and wires; (iii) the regulations and any rights reserved to or vested in any municipality or governmental, statutory or public authority to levy taxes or to control or regulate Chinook's interests in any manner, including, without limitation, the right to control or regulate production rates and the conduct of operations; (iv) statutory exceptions to title and the reservations, limitations and conditions in any grants or transfers from the Crown of mines and minerals; (v) undetermined or inchoate liens incurred or created in the ordinary course of business as security for Chinook's share of the costs and expenses of the development or operation of any of its assets, which costs and expenses are not delinquent as of the Effective Time; (vi) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Effective Time; (vii) liens granted in the ordinary course of business to a Governmental Authority respecting operations pertaining to petroleum and natural gas rights; and (viii) any encumbrances under Chinook's existing demand credit facility;
- (ppp) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

- (qqq) "**Peters & Co.**" means Peters & Co. Limited, financial advisor to Chinook;
- (rrr) "**Plan of Arrangement**" means the plan of arrangement under the ABCA substantially in the form set forth in Exhibit "B" to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms thereof and hereof;
- (sss) "**Pre-Acquisition Reorganization**" has the meaning ascribed thereto in Section 3.6;
- (ttt) "**Purchaser**" means Tourmaline Oil Corp., a corporation existing under the laws of the Province of Alberta;
- (uuu) "**Purchaser Damages Event**" has the meaning ascribed thereto in Section 6.1;
- (vvv) "**Purchaser Information**" means the information included in the Information Circular describing Purchaser and the business, operations and affairs of Purchaser as required by Applicable Laws;
- (www) "**Purchaser Termination Fee**" has the meaning ascribed thereto in Section 6.1;
- (xxx) "**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA;
- (yyy) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (zzz) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces or Territories of Canada;
- (aaaa) "**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by Chinook but specifically excluding WOGH);
- (bbbb) "**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date hereof from a Person (other than Purchaser):
- (i) that the funds or other consideration necessary for the consummation of the Acquisition Proposal are, or are reasonably likely to be, available, as demonstrated to the satisfaction of the Chinook Board, acting in good faith;
 - (ii) that is capable of being completed without undue delay, taking into account all financial, legal regulatory and other aspects of such proposal and the Person making such proposal;
 - (iii) that did not result from or involve a breach of Section 3.5;
 - (iv) that in the case of paragraphs 3.5(b)(vi) and 3.5(d) is not subject to any due diligence or access condition (other than to permit access to the books, records or personnel of Chinook which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes); and
 - (v) in respect of which the Chinook Board has determined in good faith (after the receipt of advice from its legal counsel with respect to (A) and its financial advisors with respect to (B)) that: (A) as reflected in the minutes of the Chinook Board, in the case of paragraph 3.5(b)(v)(A), the taking of such action is necessary to discharge its fiduciary duties, and in the case of paragraphs 3.5(b)(iv) and 3.5(d), recommending such Acquisition Proposal to Chinook Shareholders is necessary to discharge its fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms, would result in a transaction more favourable to Chinook Shareholders from a financial point of view than the

transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by Purchaser as contemplated by Section 3.5(d));

- (cccc) "**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Chinook or Purchaser, as applicable (or any of their respective subsidiaries), as the case may be, is required to pay, withhold, remit or collect;
- (dddd) "**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports) and all such other reports, estimates, elections, notices, filings, designations, forms, declarations with any Governmental Authority as may be requested by Purchaser;
- (eeee) "**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (ffff) "**Third Party Approvals**" has the meaning ascribed thereto in Section 5.1(d);
- (gggg) "**Third Party Beneficiaries**" has the meaning ascribed thereto in Section 10.11;
- (hhhh) "**threatened**" when used in relation to legal action or any other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that such legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;
- (iiii) "**TSX**" means the Toronto Stock Exchange;
- (jjjj) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (kkkk) "**U.S. Investment Company Act**" means the *United States Investment Company Act of 1940*, as amended, and the rules, regulations and orders promulgated thereunder;
- (llll) "**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder;
- (mmmm) "**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time.
- (nnnn) "**Voting Agreement**" means a voting agreement in form and substance satisfactory to Purchaser, between (i) Purchaser and (ii)(A) each of the directors and officers of Chinook and (B) AIMCo pursuant to which

each agrees, among other things, to vote in favour of the Arrangement Resolution and to otherwise support the Arrangement; and

(oooo) "**WOGH**" means WOGH Limited Partnership, a limited partnership owned by nominees of AIMCo which holds working interests in certain of Chinook's assets.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number and Gender; Derivatives

Words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders. If a word is defined in this Agreement a grammatical derivative of that word shall have a corresponding meaning.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place. Notwithstanding the forgoing, this provision does not apply to the time periods set forth in Section 3.5.

1.5 Entire Agreement

This Agreement, the Chinook Confidentiality Agreement and the Chinook Disclosure Letter constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties except as expressly set forth in this Agreement and the Chinook Confidentiality Agreement.

1.6 Statute and Agreement References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.7 Currency

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature are required to be made shall be made in a manner consistent with GAAP.

1.9 Disclosure in Writing

The phrase “disclosed in writing by Chinook” and similar expressions used in this Agreement shall be construed for purposes of this Agreement as referring to:

- (a) matters disclosed in this Agreement or the Chinook Disclosure Letter;
- (b) information forming part of the Data Room Information as of the date of this Agreement; and
- (c) written information provided by Chinook to Purchaser in response to inquiries received from Purchaser on or prior to the date of this Agreement.

1.10 Interpretation Not Affected by Party Drafting

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.11 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge it refers to the actual knowledge of Walter Vratavic, Tim Halpen, Jason Dranchuk, Darrel Zacharias and Chad Lerner, in each case after reasonable inquiry, and in each case in their capacity as officers of Chinook and not in their personal capacity, as of the date of this Agreement and does not include any constructive, implied or imputed knowledge of Chinook or such individuals.

1.12 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief) and general principles of equity.

1.13 Exhibits

The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

- Exhibit "A" – Arrangement Resolution
- Exhibit "B" – Plan of Arrangement

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

- (a) Subject to the terms of this Agreement, the Parties agree to carry out the Arrangement in accordance with the terms of the Plan of Arrangement.
- (b) The Plan of Arrangement may be amended to give effect to Section 3.6 or in accordance with Section 7.2. On the Business Day after the last of the conditions set forth in Section 5.1(b), (d) and (f), has been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is (provided, that on such Business Day after such conditions have been satisfied or waived each of the other conditions set forth in Article 5 have also been satisfied or, where not prohibited, waived by the

applicable Party or Parties in whose favour the condition is), unless another time or date is agreed to in writing by the Parties, the Parties will complete the Arrangement and the Arrangement shall become effective at the Effective Time whereupon the steps comprising the Plan of Arrangement will be deemed to occur in the order, at the times, and in the manner set forth therein. The closing of the transactions contemplated hereby will take place at the offices of counsel to Purchaser or at such other location as may be agreed upon by the Parties.

- (c) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about April 21, 2020 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

2.2 Interim Order

Chinook agrees that as soon as reasonably practicable after the date hereof, Chinook shall apply in a manner reasonably acceptable to Purchaser pursuant to Section 193 of the ABCA and, in cooperation with Purchaser, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the Chinook Meeting, including the record date for determining the Persons to whom notice of the Chinook Meeting is to be provided and for determining the Persons entitled to vote at the Chinook Meeting;
- (b) that the securities of Chinook for which holders as at the record date established for the Chinook Meeting shall be entitled to vote on the Arrangement Resolution shall be the Chinook Common Shares;
- (c) that all Chinook Shareholders as at the record date established for the Chinook Meeting shall be entitled to vote on the Arrangement Resolution, with each Chinook Shareholder being entitled to one vote for each Chinook Common Share held by it;
- (d) that the requisite level of approval for the Arrangement Resolution shall be at least:
 - (i) two-thirds of the aggregate votes cast by the Chinook Shareholders present in person or by proxy on the Arrangement Resolution; and
 - (ii) if applicable, a majority approval of the aggregate votes cast by the Chinook Shareholders present in person or by proxy on the Arrangement Resolution after excluding the votes cast by those Persons whose votes must be excluded in accordance with MI 61-101,
 - in each case, by those Chinook Shareholders entitled to vote at the Chinook Meeting;
- (e) that, in all other respects, the terms, restrictions and conditions of the constating documents of Chinook, including quorum requirements and all other matters, shall apply in respect of the Chinook Meeting, except as modified by the Interim Order;
- (f) for the grant of the Dissent Rights;
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (h) that the Chinook Meeting may be adjourned or postponed from time to time by Chinook with the consent of Purchaser without the need for additional approval of the Court.

2.3 Information Circular

As promptly as practical following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

- (a) Purchaser will assist Chinook in the preparation of the Information Circular and provide to Chinook, in a timely and expeditious manner, all information as may be required by Applicable Laws with respect to Purchaser for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all requirements of Applicable Laws on the date of issue thereof;
- (b) Chinook shall prepare the Information Circular and Chinook shall ensure that the Information Circular provides Chinook Shareholders (subject to Purchaser's compliance with Section 2.3(a)) with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, in all cases ensuring compliance in all material respects with all Applicable Canadian Securities Laws on the date of issue thereof;
- (c) Chinook shall call and give notice of the Chinook Meeting; and
- (d) Chinook shall cause the Information Circular to be mailed to the Chinook Shareholders and such other securityholders of Chinook or other third parties as may be required pursuant to the Interim Order, and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed.

2.4 Preparation of Filings

- (a) Purchaser and Chinook shall cooperate in:
 - (i) seeking the Interim Order and the Final Order, including by Purchaser providing Chinook on a timely basis any information required to be supplied by Purchaser concerning itself in connection therewith (including pro-forma financial statements required in connection with a significant acquisition (as such term is defined under Applicable Canadian Securities Laws), if required). Chinook shall provide legal counsel to Purchaser with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Chinook shall also provide legal counsel to Purchaser on a timely basis with copies of any notice of appearance and evidence served on Chinook or its legal counsel in respect of the application for the Final Order or any appeal therefrom. Subject to Applicable Laws, Chinook shall not file any material with the Court or any Governmental Authority in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Purchaser to agree or consent to any increase in the consideration to be received by Chinook Shareholders or other modification or amendment to such filed or served materials that expands or increases Purchaser's obligations, or diminishes or limits Purchaser's rights, set forth in any such filed or served materials or under this Agreement; and
 - (ii) the taking of all such action as may be required under the ABCA, Applicable Canadian Securities Laws and U.S. Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement; and
- (b) Each of Purchaser and Chinook shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in Section 2.1 and the foregoing provisions of this Section 2.4, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation.

2.5 Employees and Employment Agreements

- (a) At the Effective Date, if an employee is entitled to a severance payment as provided for in the employee's employment or other agreement, the Parties agree that the amount of such severance payment shall not exceed the amount provided for in the employee's employment or other agreement as set forth in the Chinook Disclosure Letter. All such severance or similar payments to employees, directors and officers of Chinook shall be made by Chinook at the Effective Time conditional upon the execution by the employee, director or officer, as the case may be, of a mutual release in favour of Chinook and Purchaser and the individual in form and substance satisfactory to Chinook and Purchaser unless the employee's employment or other agreement otherwise provides, in which case Chinook shall use reasonable commercial efforts to obtain such mutual release.
- (b) The Chinook Disclosure Letter includes Chinook's *bona fide* good faith estimate of the Chinook Change of Control and Severance Payments including for greater certainty the severance amount that would be due at law as a result of termination of employment for employees who are not entitled to a severance payment pursuant to an employment or other agreement and includes: the name of each individual entitled to a payment; a description of the agreement or plan or other legal requirement under which the payment arises and relevant section references, if applicable; the total amount of each individual's payment; and the method of calculating such payment.

2.6 Treatment of Chinook Options

- (a) The particulars of Chinook Options outstanding as at the date hereof are set out in the Chinook Disclosure Letter, including: (i) the names of holders of Chinook Options and the number of Chinook Options held by each of them and the exercise prices; (ii) the date of grant; and (iii) the date of expiry.
- (b) Chinook covenants and agrees that it will use all commercially reasonable efforts to encourage and facilitate all of the holders of outstanding Chinook Options to enter into Chinook Option Cancellation Agreements prior to the granting of the Interim Order.

2.7 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

2.8 Recommendation of Chinook Board

Based upon, among other things, the opinion of Peters & Co., the Chinook Board has unanimously (other than in respect of one director who has declared an interest in the Arrangement and abstained from voting in connection with the same) determined that the Arrangement: (i) is fair to the Chinook Shareholders, and (ii) in the best interests of Chinook and the Chinook Shareholders, unanimously (other than in respect of the aforementioned abstaining director) approved the Arrangement and the entering into of the Arrangement Agreement and has resolved unanimously (other than in respect of the aforementioned abstaining director) to recommend Chinook Shareholders vote in favour of the Arrangement. Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included, along with the written fairness opinion of Peters & Co., confirming the aforementioned opinion of such financial advisor, in the Information Circular.

2.9 Dissenting Shareholders

Registered Chinook Shareholders entitled to vote at the Chinook Meeting may exercise Dissent Rights with respect to their Chinook Common Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. Chinook shall promptly give Purchaser notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Chinook and promptly provide Purchaser with copies of such notices and written objections and all other correspondence related thereto.

2.10 Tax Withholdings

Purchaser shall be entitled to deduct and withhold from any amount otherwise payable to any holder of Chinook Common Shares such amounts as Purchaser is required or reasonably believed to be required to deduct and withhold from such consideration in accordance with applicable Tax Laws.

2.11 Voting Agreements

Chinook has concurrent with the signing of this Agreement, delivered (or caused to be delivered) to Purchaser the Voting Agreements.

ARTICLE 3 COVENANTS

3.1 Covenants of Purchaser

Purchaser covenants and agrees that, from the date of this Agreement until the Effective Date or termination of this Agreement, except with the prior written consent of Chinook, and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

- (a) Purchaser will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 5.1 and Section 5.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Purchaser;
- (b) Purchaser will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it and will use its reasonable commercial efforts to assist Chinook in obtaining such orders and to carry out the intent or effect of this Agreement and the Arrangement;
- (c) Purchaser will make all necessary filings and applications under Applicable Laws required on the part of Purchaser in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such Applicable Laws;
- (d) Purchaser shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement in accordance with the terms and conditions herein;
- (e) Purchaser shall indemnify and save harmless Chinook and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Chinook and its directors, officers, employees, advisors or agents may be subject or which Chinook and its directors, officers, employees, advisors or agents may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation contained solely in the Purchaser Information included in the Information Circular;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a Material Fact or any Misrepresentation or any alleged Misrepresentation in any material filed by or on behalf of Purchaser in compliance or intended compliance with Applicable Laws; and
 - (iii) Purchaser not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Purchaser shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation based on the Chinook Information, the negligence of Chinook or the non-compliance by Chinook with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

- (f) except as contemplated herein, Purchaser shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Purchaser in this Agreement untrue in any material respect;
- (g) Purchaser shall promptly notify Chinook in writing of any change in any representation or warranty provided by Purchaser in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and Purchaser shall in good faith discuss with Chinook any such change in circumstances (actual, anticipated, contemplated, or to the knowledge of Purchaser, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Chinook pursuant to this provision;
- (h) Purchaser shall promptly advise Chinook in writing of any material breach by Purchaser of any covenant, obligation or agreement contained in this Agreement; and
- (i) Purchaser shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement.

3.2 Additional Covenants of Purchaser

Purchaser further covenants and agrees that:

- (a) Purchaser agrees that, for a period of six years after the Effective Time, Purchaser shall, or shall cause Chinook or any successor of Chinook (including any successor resulting from the winding up or liquidation or dissolution of Chinook) to, maintain Chinook's current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run-off" basis, subject in either case to terms and conditions no less advantageous to the directors and officers of Chinook than those contained in the policy in effect on the date hereof ("**Equivalent Insurance**"), for all present and former directors and officers of Chinook, covering claims made prior to or within six years after the Effective Time. Evidence of such Equivalent Insurance shall be provided at the closing of the Arrangement;
- (b) if the Arrangement is completed, Purchaser shall not take any action to terminate or materially adversely affect any indemnity agreements or right to indemnity in favour of past or present directors and officers of Chinook pursuant to the provisions of the articles, bylaws or similar constating documents of Chinook or written indemnity agreements between Chinook and its past and present directors and officers or any indemnity agreements in favour of current directors and officers of Chinook that are in place as at the date hereof; and
- (c) it shall promptly advise Chinook in writing of any material breach by Purchaser of any covenant, obligation or agreement contained in this Agreement.

3.3 Covenants of Chinook

Chinook covenants and agrees that, from the date of this Agreement until the Effective Date or termination of this Agreement, except with the prior written consent of Purchaser, and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

- (a) Chinook will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as practicable, to the extent the satisfaction of the same is within the control of Chinook;
- (b) Chinook will forthwith carry out the terms of the Interim Order and the Final Order to the extent applicable to it;
- (c) Chinook will make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, if applicable, required to be made on the part of Chinook in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Applicable Laws;
- (d) Chinook will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement and the transactions contemplated hereby;
- (e) Chinook will provide Purchaser with all information and documentation reasonably requested in connection with obtaining the Third Party Approvals;
- (f) the business of Chinook shall be conducted only in, and Chinook shall not take any action except in, the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and it shall use all commercially reasonable efforts to maintain and preserve its business, assets and business relationships;
- (g) except as permitted by this Agreement or the Arrangement, Chinook shall not, directly or indirectly do, or permit to occur, any of the following:
 - (i) amend its constating documents;
 - (ii) declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property) in respect of its outstanding securities;
 - (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Chinook Common Shares or other securities of Chinook, including, without limitation, securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Chinook Common Shares;
 - (iv) redeem, purchase or otherwise acquire any of the outstanding Chinook Common Shares or other securities (other than pursuant to the Chinook Option Cancellation Agreements);
 - (v) amend the terms of any of its securities, including the Chinook Options, other than to accelerate the vesting of any unvested Chinook Options;
 - (vi) split, combine or reclassify any of the Chinook Common Shares;
 - (vii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Chinook; or
 - (viii) enter into or modify any Contract, commitment or arrangement with respect to any of the foregoing;

- (h) except as permitted by this Agreement or the Arrangement or as disclosed in writing to Purchaser and agreed to by Purchaser, Chinook shall not, directly or indirectly, do or permit to occur any of the following:
- (i) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets having an individual value in excess of \$25,000 or \$50,000 in the aggregate, other than production in the ordinary course of Chinook's business consistent with past practice;
 - (ii) expend or commit to expend any amounts or acquire any assets in excess of \$25,000 individually or \$50,000 in the aggregate with respect to any operating expenses except to the extent such expenses are in the ordinary course of Chinook's business consistent with past practice;
 - (iii) reorganize, amalgamate, merge or otherwise combine Chinook with any other Person;
 - (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;
 - (v) incur or commit to incur any indebtedness for borrowed money including for greater certainty by increasing accounts payable or incurring a working capital deficit which would result in the Net Debt being in excess of \$5.6 million at the Effective Date or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for the obligations of any other Person, or make any loans or advances;
 - (vi) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the Chinook Financial Statements or otherwise in the ordinary course of business consistent with past practice;
 - (vii) authorize, recommend or propose any release or relinquishment of any right under any material Contract;
 - (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing license, lease, Contract, production sharing agreement, government land concession or other material document;
 - (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions;
 - (x) enter into any agreements for the sale of production having a term of more than thirty (30) days;
 - (xi) enter into any material consulting Contract or operating agreement that (y) cannot be terminated on thirty (30) days' or less notice without penalty or (z) alone, or in the aggregate with any other consulting Contract or operating agreements, would create an obligation in excess of \$25,000;
 - (xii) enter into any Contracts or transactions with any officer or director of Chinook; or
 - (xiii) authorize or propose any of the foregoing, or enter into or modify any Contract, agreement, commitment or arrangement to do any of the foregoing;
- (i) Other than as contemplated by Sections 2.5 and 2.6, Chinook shall not make any payment to any employee, officer or director outside of their ordinary and usual compensation for services provided, except to the extent that any such entitlement to payment to a former employee or officer has accrued prior to the date hereof as disclosed in the Chinook Disclosure Letter;

- (j) Chinook shall not:
 - (i) hire any employee or consultant;
 - (ii) grant any officer, director or employee or consultant an increase in compensation in any form;
 - (iii) grant any general salary increase;
 - (iv) take any action with respect to the amendment or grant of any "change of control", severance or termination pay policies or arrangements for any directors, officers or employees;
 - (v) amend any incentive plan or the terms of any outstanding rights thereunder; nor
 - (vi) advance any loan to any officer, director or any other party not at arm's length to Chinook;
- (k) Chinook shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, option, common share, deferred compensation, insurance, incentive compensation, other compensation or other similar plan (or amend any outstanding rights thereunder), agreement, common share incentive or purchase plan, fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (l) Chinook shall withhold from any payment made to any of its present or former employees, officers or directors in respect of any payments, whether contemplated by this Agreement or otherwise, including, without limitation, in connection with the exercise, cancellation or surrender of Chinook Options and payment of the Chinook Change of Control and Severance Payments, all amounts required by law or administrative practice to be withheld by it on account of Taxes and other source deductions;
- (m) Chinook shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing satisfactory to Purchaser, acting reasonably, providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect, and Chinook will pay all premiums in respect of such insurance policies that become due after the date hereof;
- (n) Chinook shall receive and deliver to Purchaser resignations and, subject to Section 2.5(a), mutual releases, in form satisfactory to Purchaser and Chinook, each acting reasonably, from all of the directors and officers of Chinook (effective as of the Effective Time);
- (o) Chinook shall not make any amendment to outstanding Chinook Options without the prior written consent of Purchaser;
- (p) Chinook shall not take any action, refrain from taking any action, or permit any action to be taken that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever first occurs;
- (q) Chinook shall promptly notify Purchaser in writing of any Material Adverse Change with respect to Chinook or of any change in any representation or warranty provided by Chinook in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and Chinook shall in good faith discuss with Purchaser any such change in circumstances (actual, anticipated, contemplated, or to the knowledge of Chinook, threatened) which is of such a nature that there may be a reasonable question as to whether notice need be given to Purchaser pursuant to this provision;

- (r) Chinook shall promptly advise Purchaser in writing of any material breach by Chinook of any covenant, obligation or agreement contained in this Agreement;
- (s) Chinook shall ensure that it has available funds to permit the payment of the Purchaser Termination Fee having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (t) Chinook shall use its reasonable commercial efforts to obtain and maintain the Third Party Approvals and provide the same to Purchaser on or prior to the Effective Date;
- (u) Subject to Purchasers compliance with Section 2.3(a) Chinook shall ensure that the Information Circular complies with Applicable Laws and, without limiting the generality of the foregoing, that the Information Circular will not contain a Misrepresentation and provides Chinook Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and, in that regard, the Information Circular will set out the Purchaser Information in the form approved by Purchaser and the Chinook Information in the form approved by Chinook and shall include, without limitation:
 - (i) any financial statements in respect of prior acquisitions made by Chinook or that are otherwise required to be included therein in accordance with Applicable Laws;
 - (ii) based upon, among other things, the opinion of Peters & Co., the unanimous (other than in respect of one director who has declared an interest in the Arrangement and abstained from voting in connection with the same) determination of the Chinook Board that the Arrangement is in the best interests of Chinook and the Chinook Shareholders, and the unanimous (other than in respect of the aforementioned abstaining director) recommendation that Chinook Shareholders vote in favour of the Arrangement; and
 - (iii) the fairness opinion of Peters & Co. that the consideration in respect of the Arrangement is fair, from a financial point of view, to Chinook Shareholders;
- (v) Purchaser and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by Purchaser and its counsel, provided that all Purchaser Information included in the Information Circular shall be in form and content satisfactory to Purchaser, acting reasonably;
- (w) Chinook shall provide notice to Purchaser of the Chinook Meeting and allow Purchaser's representatives and legal counsel to attend such Chinook Meeting;
- (x) Chinook shall indemnify and save harmless Purchaser and its directors, officers, employees, advisors and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Purchaser or its directors, officers, employees, advisors or agents may be subject or which Purchaser, its affiliates or subsidiaries or their respective directors, officers, employees, advisors or agents may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any Misrepresentation or alleged Misrepresentation in the Chinook Information included in the Information Circular or in any material filed by Chinook in compliance or intended compliance with any Applicable Laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a Material Fact or any Misrepresentation or any alleged Misrepresentation in the Chinook Information included in the Information Circular or in any material filed by or on behalf of Chinook in compliance or intended compliance with Applicable Canadian Securities Laws; and

- (iii) Chinook not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Chinook shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation or alleged Misrepresentation of a Material Fact based solely on the Purchaser Information included in the Information Circular, the negligence of Purchaser or the non-compliance by Purchaser with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

- (y) subject to Section 10.4, except for proxies and other non-substantive communications with securityholders, Chinook will furnish promptly to Purchaser or Purchaser's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Chinook in connection with: (i) the Arrangement; (ii) the Chinook Meeting; (iii) any filings under Applicable Laws in connection with the Agreement; and (iv) any dealings with Governmental Authorities in connection with the transactions contemplated hereby;
- (z) management of Chinook shall solicit proxies to be voted at the Chinook Meeting in favour of matters to be considered at the Chinook Meeting, including the Arrangement Resolution, including if so requested by Purchaser, using dealer and proxy solicitation services (the costs of which are agreed will not form part of the calculation of Chinook Transaction Costs) and cooperating with any persons engaged by Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;
- (aa) Chinook shall conduct the Chinook Meeting in accordance with the Interim Order and as otherwise required by Applicable Laws;
- (bb) Chinook will take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (cc) Chinook shall promptly advise Purchaser of the number of Chinook Common Shares for which Chinook receives notices of dissent or written objections to the Arrangement and provide Purchaser with copies of such notices and written objections, and subject to Applicable Laws, shall provide Purchaser with an opportunity to review and comment upon any written communications proposed to be sent by or on behalf of Chinook to any Chinook Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and reasonable consideration shall be given to any comments made by Purchaser and its counsel prior to sending any such written communications. Chinook shall not settle any claims with respect to Dissent Rights without the prior written consent of Purchaser (which consent not to be unreasonably withheld);
- (dd) Chinook shall:
 - (i) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and all such Tax Returns will be true, complete and correct in all material respects;
 - (ii) timely pay all Taxes shown on such Tax Returns;
 - (iii) not make or rescind any material express or deemed election relating to Taxes, or file any amended Tax Returns where the result of such action is inconsistent with past practice;
 - (iv) not make a request for a Tax ruling or enter into a closing agreement with any Governmental Authority;
 - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
 - (vi) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws;

- (vii) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with GAAP, for all Taxes accruing in respect of Chinook which are not due or payable prior to the Effective Date; and
- (viii) file all information returns under ESTMA for the year ended December 31, 2019;

provided that in the case of the Tax Returns referred to in paragraph (i) in respect of the 2019 taxation year and the returns referred to in paragraph (viii), such Tax Returns and returns shall be filed by Chinook prior to the Effective Date, subject to the consent of Purchaser with respect to the filing and the contents thereof, such consent not to be unreasonably withheld;

- (ee) Chinook shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return, election or designation, without the consent of Purchaser, such consent not to be unreasonably withheld;
- (ff) Chinook shall preserve in their original form all of its records, files, ledgers, correspondence (including emails and texts), contracts, lists, books of account, files, invoices, tapes, computer discs, programs, computer back-ups and other means of electronic storage and other similar data in its possession, custody or control and shall discontinue all document or record destruction practices; and
- (gg) Chinook shall cause its audited consolidated financial statements as at and for the fiscal years ended December 31, 2019 and December 31, 2018, together with the notes thereto and the auditors' report thereon, and its statement of reserves data and other information as at December 31, 2019, and accompanying reports of independent qualified reserves evaluator and management and directors as required by National Instrument 51-101, to be filed with the applicable Securities Authorities prior to the deadline required in accordance with Applicable Canadian Securities Laws.

3.4 Mutual Covenants Regarding the Arrangement

From the date of this Agreement until the Effective Date or termination of this Agreement, each of Purchaser and Chinook will use its reasonable commercial efforts to: (i) satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder; (ii) not take, or cause to be taken, any action or cause anything to be done that would cause such obligations not to be fulfilled in a timely manner; and (iii) take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable commercial efforts:

- (a) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (b) to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected by it in connection with the Arrangement, and to obtain all necessary waivers, consents and approvals required to be obtained by it in connection with the Arrangement; and
- (c) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby.

Each of Purchaser and Chinook will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.4 and this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Purchaser and Chinook, subject in all cases to the Chinook Confidentiality Agreement.

3.5 Covenants Regarding Non-Solicitation

- (a) Chinook shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), with any parties (other than Purchaser) conducted before the date of this Agreement with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. Chinook represents and warrants that it has not waived any standstill provisions contained in a confidentiality agreement or otherwise for any Person. Chinook shall, if entitled to, immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Chinook relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured.
- (b) Chinook shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
- (i) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding) any Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
 - (iii) waive, modify or release any third party from or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive modify or release any third party from or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill or similar provisions" thereunder; or
 - (iv) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse any Acquisition Proposal or agreement in respect thereto;

provided, however, that notwithstanding any other provision hereof, Chinook and its officers, directors and advisers may:

- (v) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Chinook or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with Chinook that does not result from a breach of this Section 3.5 and, subject to execution of a confidentiality and standstill agreement substantially similar to the Chinook Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Purchaser as set out below and shall not include any "exclusivity" or similar covenants), may furnish to such third party information concerning Chinook and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a written *bona fide* Acquisition Proposal which is a Superior Proposal; and
 - (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, Chinook provides prompt notice to Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality

and standstill agreement referenced above and, if not previously provided to Purchaser, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Chinook shall notify Purchaser orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to Purchaser, copies of all information provided to such party and all other information reasonably requested by Purchaser), within 72 hours of the receipt thereof, shall keep Purchaser informed of the status and details of any such inquiry, offer or proposal and answer Purchaser's questions with respect thereto; and

- (vi) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Chinook Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 3.5(d) and after receiving the advice of outside counsel as reflected in minutes of the Chinook Board, that the taking of such action is necessary for the Chinook Board in discharge of its fiduciary duties under Applicable Laws and Chinook complies with its obligations set forth in Section 3.5(d) and terminates this Agreement in accordance with Section 8.1(a)(iv) and concurrently therewith pays the Purchaser Termination Fee to Purchaser.
- (c) Chinook shall promptly (and in any event within 72 hours) notify Purchaser (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Chinook or its assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. Chinook shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Purchaser may reasonably request. Chinook shall keep Purchaser promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by Purchaser with respect thereto, and shall provide Purchaser with copies of all material correspondence and other written material sent to or provided to Chinook by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Chinook to any Person in connection with such inquiry, proposal, offer or request.
- (d) Chinook shall give Purchaser, orally and in writing, at least three Business Days advance notice of any decision by the Chinook Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, shall set out the reasonable determination of the Chinook Board, in consultation with its financial advisors, of the financial value of the consideration offered by such third party to Chinook Shareholders under such Superior Proposal, which notice shall confirm that the Chinook Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and provide a copy thereof and any amendments thereto. During the three Business Day period commencing on the day following delivery of such notice, Chinook agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three Business Day period Chinook shall, and shall cause its financial and legal advisors to, negotiate in good faith with Purchaser and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable Purchaser to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Purchaser proposes to amend this Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the Chinook Board prior to the expiry of such three Business Day period, the Chinook Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement and Purchaser and Chinook shall enter into an amended version of this Agreement reflecting such proposed amendments.

- (e) If required by Purchaser, Chinook shall, subsequent to the three Business Day notice period contemplated by section 3.5(d) (and in no case during such period) reaffirm its recommendation of the Arrangement by press release promptly in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.5(d) which results in any Acquisition Proposal not being a Superior Proposal.
- (f) Purchaser agrees that all information that may be provided to it by Chinook with respect to any Acquisition Proposal pursuant to this Section 3.5 shall be treated as if it were "**Evaluation Material**" as that term is defined in the Chinook Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Chinook Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Chinook shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives or agents retained by it are aware of the provisions of this Section 3.5 and shall be responsible for any violation or breach of this Section 3.5 by any of them.
- (h) Nothing in this Agreement shall prevent the Chinook Board from complying with Section 2.17 of Multilateral Instrument 62-104 and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal.

3.6 Pre-Acquisition Reorganization

Chinook shall reasonably cooperate with Purchaser and its tax advisors in structuring the Arrangement and other transactions contemplated to occur in conjunction with the Arrangement and any Pre-Acquisition Reorganization (as defined below) in a tax effective manner and assist Purchaser and its tax advisors in making such investigations and enquiries with respect to Chinook in that regard, as Purchaser and its tax advisors shall consider necessary, acting reasonably, provided that Chinook shall not be obligated to consent or agree to any structuring contemplated by this Section 3.6 that would have the effect of reducing the consideration to be received under the Arrangement by any of the Chinook Shareholders or imposing any incremental tax obligations on the Chinook Shareholders in connection with the Arrangement or a Pre-Acquisition Reorganization or may have an adverse effect on Chinook or its business or assets or impose any cost or expense on Chinook nor will Chinook be obligated to consent or agree unless there is certainty that the Arrangement will be completed. Purchaser shall be solely responsible for all costs associated with any Pre-Acquisition Reorganization that is requested by it, whether completed or not. "**Pre-Acquisition Reorganization**" means any reorganization of the corporate structure, capital structure, business, operations and assets of Chinook prior to the acquisition by Purchaser of all of the issued and outstanding Chinook Common Shares. Without limiting the generality of, and subject to the foregoing, Chinook agrees to co-operate with Purchaser in order to facilitate any such reorganization, amalgamations, transactions or Pre-Acquisition Reorganization which Purchaser determines would be advisable to enhance the tax efficiency of the combined corporate group and any anticipated dispositions and to provide such information on a timely basis and to assist in the obtaining of any such information in order to facilitate a successful completion of any such reorganization, amalgamations, transactions or Pre-Acquisition Reorganization as is reasonably requested by Purchaser.

3.7 Provision of Information; Access

Until the Effective Date or termination of this Agreement, Chinook shall provide Purchaser and its representatives access, during normal business hours and at such other time or times as Purchaser may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Purchaser all information concerning its business, properties and personnel as Purchaser may reasonably request, which information shall remain subject to the Chinook Confidentiality Agreement, in order to permit Purchaser to be in a position to expeditiously and efficiently integrate the business and operations of Chinook immediately upon but not prior to the Effective Date. Without limitation, Chinook agrees to keep Purchaser fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of Chinook. Chinook shall confer with and obtain Purchaser's approval (not to be unreasonably withheld or delayed), prior to taking action (other than in emergency situations) with respect to

all material operational matters involved in its business and Purchaser representatives may attend at and participate in all weekly operations meetings held by Chinook.

3.8 Outstanding Indebtedness

- (a) Chinook shall deliver to Purchaser not less than five (5) Business Days prior to the Effective Date a written statement, based upon the books and records of Chinook, which will set forth its *bona fide* good faith estimate of Outstanding Indebtedness to be outstanding at the Effective Date, including separately the components thereof, being Net Debt, Chinook Transaction Costs, Chinook Change of Control and Severance Payments and Chinook Office Lease Obligations, in each case accompanied by reasonable supporting detail (including reasonable supporting calculations). Chinook shall provide to Purchaser and its representatives reasonable access (during normal business hours) to the records, properties, personnel and auditors or accountants relating to the preparation of the estimate of Outstanding Indebtedness as Purchaser reasonably requests and shall cause the personnel of Chinook to reasonably cooperate with Purchaser and its representatives in connection with their review of the estimate of Outstanding Indebtedness.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Purchaser

Purchaser represents and warrants to and in favour of Chinook and acknowledges that Chinook is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Organization and Qualification. Purchaser has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of formation.
- (b) Authority Relative to this Agreement. Purchaser has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Purchaser of the transactions contemplated by the Arrangement have been duly authorized by the board of directors of Purchaser and no other proceedings on the part of Purchaser are necessary to authorize this Agreement, the Arrangement or the other transactions contemplated herein. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) No Violations. Except as contemplated by this Agreement:
- (i) neither the execution and delivery of this Agreement by Purchaser nor the consummation of the transactions contemplated by the Arrangement nor compliance by Purchaser with any of the provisions hereof will:
- (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, the constating or governing documents of Purchaser; or
- (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Purchaser;

(except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of encumbrances which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, be reasonably likely to materially delay or significantly impede the ability of Purchaser to consummate the Arrangement); or

- (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the requisite approvals of the Court:
 - (A) there is no legal impediment to Purchaser's consummation of the Arrangement; and
 - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Purchaser in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, be reasonably likely to materially delay or significantly impede the ability of Purchaser to consummate the Arrangement.
- (d) Sufficient Funds. Purchaser has sufficient funds available to pay the aggregate amount of Cash Consideration per Share payable for all issued and outstanding Chinook Common Shares pursuant to the Arrangement in accordance with the Plan of Arrangement.

4.2 Representations and Warranties of Chinook

Chinook represents and warrants to and in favour of Purchaser and acknowledges that Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification. Chinook and each Chinook Subsidiary has been duly amalgamated or formed and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Chinook and each Chinook Subsidiary is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect on Chinook or a Chinook Subsidiary. Copies of the constating documents of Chinook and each Chinook Subsidiary provided to Purchaser, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement. Chinook has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Chinook of the transactions contemplated by the Arrangement has been duly authorized by the Chinook Board and, subject to the requisite approval of the Chinook Shareholders and the obtaining of the Final Order, no other proceedings on the part of Chinook are necessary to authorize this Agreement or the Arrangement, other than the approval of the Information Circular by the Chinook Board. This Agreement has been duly executed and delivered by Chinook and constitutes a legal, valid and binding obligation of Chinook enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) Subsidiaries. Other than the Chinook Subsidiaries, Chinook has no subsidiaries and does not own, directly or indirectly, any share capital, membership interest, partnership interest, joint venture interest (other than in the ordinary course of business) or other equity interest in any Person or any option, warrant, right or privilege which is capable of becoming an agreement for the acquisition, purchase, subscription, allotment or issuance any share capital, membership interest, partnership interest, joint venture interest or other equity interest in any Person.
- (d) No Violations. Except as contemplated by this Agreement:
- (i) neither the execution and delivery of this Agreement by Chinook nor the consummation of the transactions contemplated by the Arrangement nor compliance by Chinook with any of the provisions hereof will:
- (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) upon any of the properties or assets of Chinook or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Chinook; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Chinook is a party or to which it, or any of its properties or assets, may be subject or by which Chinook is bound; or
- (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Chinook or any of its properties or assets
- (except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances (other than Permitted Encumbrances) which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have any Material Adverse Effect on Chinook, or significantly impede the ability of Chinook to consummate the transactions contemplated by the Arrangement); or
- (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would, individually or in the aggregate, have a Material Adverse Effect on Chinook.
- (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the requisite approvals of Chinook Shareholders and the obtaining of the Interim Order and the Final Order:
- (A) there is no legal impediment to Chinook's consummation of the Arrangement; and
- (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Chinook in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Chinook, or significantly impede the ability of Chinook to consummate the Arrangement.

- (e) Litigation. Except as disclosed in the Chinook Disclosure Letter, there are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Chinook, threatened, affecting or that would reasonably be expected to affect Chinook and the Chinook Subsidiaries or affecting or that would reasonably be expected to affect any of its properties or assets at law or in equity or before or by any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of Chinook or a Chinook Subsidiary which would reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change to Chinook or to a Chinook Subsidiary, or would significantly impede the ability of Chinook to consummate the Arrangement.
- (f) Taxes, etc. Except to the extent that any matter referred to in this subparagraph does not, and would not reasonably be expected to, have a Material Adverse Effect on Chinook:
- (i) all Tax Returns required to be filed by or on behalf of Chinook or any Chinook Subsidiary for periods ended on and prior to the date of this Agreement have been duly filed on a timely basis and such tax returns are complete and correct in all material respects. All Taxes shown to be payable on such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by Chinook or a Chinook Subsidiary with respect to items or periods covered by such Tax Returns;
 - (ii) Chinook and each Chinook Subsidiary has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, Chinook has established adequate accruals in conformity with GAAP in the Chinook Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. Chinook has, in all material respects, made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return;
 - (iii) Chinook has made available to Purchaser true and complete copies of: (A) income tax audit reports, statement of deficiencies, closing or other agreements received by Chinook or on behalf of Chinook or a Chinook Subsidiary relating to the Taxes for any taxable period beginning within 4 years from the date hereof; and (B) any Tax Returns for Chinook for the taxable period since January 1, 2018;
 - (iv) except as set forth in the Chinook Disclosure Letter, no material deficiencies have been asserted in writing by any Governmental Authority with respect to Taxes of Chinook or any Chinook Subsidiary that have not yet been settled;
 - (v) except as set forth in the Chinook Disclosure Letter, Chinook and each Chinook Subsidiary is not a party to any tax sharing, tax indemnity or tax allocation agreement or arrangement and Chinook and each Chinook Subsidiary neither has nor could have any material liabilities or obligations in respect of Taxes under any such tax sharing, tax indemnity or tax allocation agreement;
 - (vi) Chinook is resident in Canada, and is a taxable Canadian corporation, for the purposes of the ITA; and
 - (vii) Chinook is not a party to any action or proceeding for assessment or collection of a material amount of Taxes, nor, to the knowledge of Chinook, has such an event been asserted in writing by any Governmental Authority or threatened against Chinook or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to material Taxes or material Tax Returns of Chinook. No audit by Taxing Authorities of Chinook or any Chinook Subsidiary is in process or to the knowledge of Chinook, pending.

- (g) Reporting Issuer Status. Chinook is a "reporting issuer" in each of the Provinces of Canada and is in material compliance with all Applicable Canadian Securities Laws therein and the Chinook Common Shares are listed and posted for trading on the TSX. Chinook is not in default of any material requirements of Applicable Canadian Securities Laws in such jurisdictions or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Chinook Common Shares is pending or, to the knowledge of Chinook, threatened. The documents and information comprising the Chinook Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any Misrepresentation, unless such document or information was subsequently corrected or superseded in the Chinook Public Record prior to the date hereof. Chinook has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Chinook with the Securities Authorities since becoming a "reporting issuer". Chinook has not filed any confidential material change report that, at the date hereof, remains confidential.
- (h) Capitalization. As of the date hereof, the authorized capital of Chinook consists of an unlimited number of Chinook Common Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 223,731,901 Chinook Common Shares and no other shares are issued and outstanding. Other than 15,020,900 stock options to acquire up to 15,020,900 Chinook Common Shares, there are no options, incentive awards, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Chinook or a Chinook Subsidiary of any securities of Chinook (including Chinook Common Shares) or a Chinook Subsidiary or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Chinook (including Chinook Common Shares) or a Chinook Subsidiary. All outstanding Chinook Common Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights. Other than the Chinook Common Shares, there are no securities of Chinook outstanding which have the right to vote generally with the Chinook Shareholders on any matter.
- (i) Equity Monetization Plans. There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Chinook and which are based upon the revenue, value, income or any other attribute of Chinook.
- (j) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Chinook Common Shares or any other securities of Chinook has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Chinook, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (k) Reports. (i) Chinook's Annual Information Form dated March 8, 2019 and when filed with the applicable Securities Authorities Chinook's Annual Information Form in respect of the year ended December 31, 2019; (ii) Chinook's information circular dated April 1, 2019; and (iii) all Chinook press releases, material change reports and business acquisition reports filed with the Securities Authorities since January 1, 2018; did not or will not when so filed contain any untrue statement of a Material Fact or omit to state a Material Fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied or will comply when so filed in all material respects with all Applicable Laws. The Chinook Financial Statements, and any interim or annual financial statements filed by or on behalf of Chinook on and after the date hereof with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws, were or, when so filed, will have been prepared in accordance with GAAP (except in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year end adjustments or may be condensed or summary statements), and present or, when so filed, will present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of Chinook as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no Material Change in Chinook's accounting policies, except as described in the notes to the Chinook Financial Statements, since January 1, 2018.

- (l) Books and Records. The financial books, records and accounts of Chinook and each Chinook Subsidiary, in all material respects, (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Chinook and (iii) accurately and fairly reflect the basis for the Chinook Financial Statements. The corporate records and minute books of Chinook and each Chinook Subsidiary have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects and full access thereto has been provided to Purchaser.
- (m) Absence of Certain Changes or Events. Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2018:
- (i) Chinook has conducted its business only in the ordinary course of business substantially consistent with past practice, other than as disclosed in the Chinook Public Record;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Chinook has been incurred other than in the ordinary course of business;
 - (iii) there has been no Material Adverse Change in respect of Chinook; and
 - (iv) Chinook has not, and to the knowledge of Chinook, no director, officer, employee or auditor of Chinook, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of Chinook or its internal accounting controls.
- (n) Registration, Exemption Orders, Licenses, etc. Except as set forth in the Chinook Disclosure Letter, to the knowledge of Chinook, Chinook and each Chinook Subsidiary has obtained and is in compliance with all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted (collectively, the "**Governmental Authorizations**"), except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chinook. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chinook. No proceedings are pending or, to the knowledge of Chinook, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chinook.
- (o) Compliance with Laws. The operations and business of Chinook and each Chinook Subsidiary is and has been carried out in compliance with and not in violation of any Applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chinook or would significantly impact the ability of Chinook to consummate the Arrangement, and Chinook and each Chinook Subsidiary has not received any notice of any alleged violation of any such Applicable Laws other than where such notice would not reasonably be expected to have a Material Adverse Effect on Chinook or would significantly impact the ability of Chinook to consummate the Arrangement.
- (p) Restrictions on Business Activities. Except as set forth in the Chinook Disclosure Letter, there is no judgment, injunction or order binding upon Chinook or any Chinook Subsidiary that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on Chinook.

- (q) Non-Arm's Length Transactions. Except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, existing employment agreements and existing agreements respecting Chinook Options, or as otherwise set forth in the Chinook Disclosure Letter, there are no Contracts or other transactions (including with respect to loans or other indebtedness) currently in place between Chinook, on the one hand, and (i) any officer, director or employee of, or consultant of Chinook, (ii) any holder of record or beneficial owner of 10% or more of the voting securities of Chinook or (iii) any associate or affiliate of any such Person (collectively, "**Chinook Related Parties**"). No Chinook Related Party, owns, has or is entitled to any royalty, net profits interest, carried interest or any other Encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of Chinook or any revenue or rights attributed thereto.
- (r) Title. Although it does not warrant title to its assets, there are no defects, failures or impairments in the title of Chinook to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened in writing or whether or not discovered by any third party, which in the aggregate, could have a material adverse effect on: (i) the quantity and pre-tax present worth values of such assets; (ii) the current production volumes of Chinook; or (iii) the current cash flow of Chinook.
- (s) Chinook McDaniel Report. Chinook has made available to McDaniel, prior to the issuance of the report prepared by McDaniel (the "**Chinook McDaniel Report**") evaluating Chinook's crude oil, natural gas liquids and natural gas reserves as at December 31, 2018, for the purpose of preparing the Chinook McDaniel Report, all information requested by McDaniel, which information did not contain any Misrepresentation at the time such information was provided. Except with respect to changes in commodity prices, Chinook has no knowledge of a Material Adverse Change in any production, cost, price, reserves or other relevant information provided to McDaniel since the date that such information was provided. Chinook believes that the Chinook McDaniel Report reasonably presents the quantity and pre-tax present worth values of the crude oil, natural gas liquids and natural gas reserves attributable to the properties evaluated in such report as of its effective date based upon information available at the time such reserve information was prepared, and Chinook believes that, at the date of such report, such report did not (and as of the date hereof, except as may be attributable to reserves since the date of such report does not) overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated reserves producible therefrom.
- (t) Absence of Undisclosed Liabilities. Chinook has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
- (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Chinook Financial Statements (the "**Chinook Balance Sheet**");
 - (ii) those incurred in the ordinary course of business and not required to be set forth in the Chinook Balance Sheet under GAAP;
 - (iii) those incurred in the ordinary course of business since the date of the Chinook Balance Sheet and consistent with past practice; and
 - (iv) those incurred in connection with the execution of this Agreement.
- (u) Absence of Undisclosed Changes. There has not been any Material Change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Chinook on a consolidated basis from the position set forth in the Chinook Financial Statements (other than as have been disclosed in the Chinook Public Record) and Chinook has not incurred or suffered a Material Adverse Change since December 31, 2018 (other than as have been disclosed in the Chinook Public Record) and since that date there have been no Material Facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of Chinook (taken as a whole) which have not been disclosed in the Chinook Public Record.

- (v) No Defaults. Except as set forth in the Chinook Disclosure Letter, Chinook is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chinook. Chinook is not in violation of any Applicable Laws which violation could reasonably be expected to have a Material Adverse Effect on Chinook.
- (w) Pre-emptive Rights. Chinook and each Chinook Subsidiary does not have any knowledge of any outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or assets of Chinook or a Chinook Subsidiary, which have been triggered or will be triggered or accelerated by the Arrangement.
- (x) Environmental. Except as set forth in the Chinook Disclosure Letter, to the knowledge of Chinook in respect of properties for which Chinook is not the operator, except to the extent that any violation or other matter referred to in this subparagraph does not, and would not reasonably be expected to, have a Material Adverse Effect on Chinook:
- (i) Chinook and each Chinook Subsidiary is not in violation of any applicable Environmental Laws;
 - (ii) Chinook and each Chinook Subsidiary has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Chinook or a Chinook Subsidiary, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Chinook or a Chinook Subsidiary, that have not been fully remediated;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Chinook or a Chinook Subsidiary which Chinook or a Chinook Subsidiary has notice;
 - (v) Chinook and each Chinook Subsidiary has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
 - (vi) Chinook and each Chinook Subsidiary holds all Environmental Approvals required in connection with the operation of its business and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and Chinook has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
 - (vii) there are no pending or, to the knowledge of Chinook, threatened claims, liens or Encumbrances (other than Permitted Encumbrances) resulting from Environmental Laws with respect to any of the properties of Chinook or any Chinook Subsidiary currently or formerly owned, leased, operated or otherwise used; and
 - (viii) Chinook and each Chinook Subsidiary has not assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws.

- (y) Material Contracts. The Chinook Disclosure Letter lists all of the following Contracts, correct, current and complete copies of which have been made available to the Purchaser (the "**Material Contracts**"): (i) all Contracts containing any rights on the part of any Person, including joint venture partners or entities, to acquire oil and gas or other property rights from Chinook; (ii) all Contracts containing any rights on the part of Chinook to acquire oil and gas or other property rights from any Person; (iii) any Contract that purports to limit the right of any of Chinook or affiliates to (A) engage in any line of business, or (B) compete with any Person or operate in any location; (iv) any Contract in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition of assets or securities or other equity interests of another Person; (v) any standstill or similar Contract currently restricting the ability of Chinook to offer to purchase or purchase the assets or equity securities of another Person; (vi) all Contracts which entitle a party to rights of termination, the terms or conditions of which may or will be altered, or which entitle a party to any fee, payment, penalty or increased consideration, in each case as a result of the execution of this Agreement, the consummation of the transactions contemplated hereby or a "change in control" of Chinook including without limitation any seismic license or similar agreements; and (vii) all Contracts pursuant to which Chinook will, or may reasonably be expected to, result in a requirement of Chinook to expend more than an aggregate of \$25,000 or receive or be entitled to receive revenue of more than \$50,000 in either case in the next 12 months, or is out of the ordinary course of business of Chinook. Each of such Material Contracts constitutes a legally valid and binding agreement of Chinook, enforceable in accordance with their respective terms and, to the knowledge of Chinook, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such contract or agreement which is material to the business of Chinook (taken as a whole) and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a Material Adverse Effect on Chinook;
- (z) Employee Benefit Plans. Chinook has made available to Purchaser true, complete and correct copies of each employee benefits plan (collectively, the "**Chinook Plans**") covering active, former or retired employees of Chinook, any related trust agreement, annuity or insurance contract or other funding vehicle, and:
- (i) each Chinook Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Laws or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
 - (ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
 - (iii) each Chinook Plan that is required or intended to be qualified under Applicable Laws or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of Chinook, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
 - (iv) to the knowledge of Chinook, there are no pending or anticipated material claims against or otherwise involving any of the Chinook Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Chinook Plan activities) has been brought against or with respect to any Chinook Plan;
 - (v) all material contributions, reserves or premium payments required to be made to the Chinook Plans have been made or provided for; and
 - (vi) Chinook has no material obligations for retiree health and life benefits under any Chinook Plan.

- (aa) Employees.
- (i) The Chinook Disclosure Letter contains a complete list of all employees of Chinook, including the current salary and start date of each employee.
 - (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of Chinook by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have Chinook declared a related employer or successor employer pursuant to applicable labour legislation. To the knowledge of Chinook, Chinook has not engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other material labour dispute is occurring. To the knowledge of Chinook, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to Chinook that could reasonably be expected to have a Material Adverse Effect on Chinook or lead to a material and continuing interruption of operations of Chinook at any location. Chinook has not engaged in any closing or lay-off activities within the past two years that would violate or in any way subject Chinook to group termination or lay-off requirements of Applicable Laws.
 - (iii) Chinook has not recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by Chinook for the purpose of consummating the transactions contemplated by this Agreement.
- (bb) Employment Agreements. Except as set forth in the Chinook Disclosure Letter:
- (i) Chinook is not a party to any written contracts of employment which may not be terminated on one month's notice which provide for payments occurring on a change of control of Chinook; and
 - (ii) except as otherwise permitted by this Agreement, Chinook will not become a party to any employment agreement or to any written or oral policy, agreement, obligation or understanding (and for greater certainty, to any amendment to any of the foregoing) which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by Applicable Laws, or which creates rights in respect of loss or termination of office or employment in relation to the Arrangement or which contains any specific agreement as to obligations arising on a change of control or as to notice of termination or severance pay in lieu thereof.
- (cc) Brokers and Finders. Chinook has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Peters & Co. has been retained as Chinook's financial advisor in connection with certain matters including the transactions contemplated hereby. Chinook has made available to Purchaser a true and complete copy of its agreements with Peters & Co.
- (dd) Employment and Officer Obligations. Except as set forth in the Chinook Disclosure Letter, there are no existing health plans or pension obligations or other employment or consulting services agreements, termination, severance and retention plans or policies of Chinook and there are no accrued bonuses payable to any present or former employee, director, officer or consultant of Chinook.
- (ee) Fairness Opinion. The Chinook Board has received a verbal opinion as of February 22, 2020 from Peters & Co. that the consideration to be received by Chinook Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Chinook Shareholders.

- (ff) Long Term and Derivative Transactions. Except as set forth in the Chinook Disclosure Letter, Chinook has no obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.
- (gg) Insurance. Policies of insurance that are in force as of the date hereof naming Chinook as an insured adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which Chinook operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect Chinook's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (hh) No Limitation. There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Chinook is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of Chinook in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement does not and will not result in the restriction of Chinook from engaging in its business or from competing with any Person or in any geographic area.
- (ii) Board Approval. Based upon, among other things, the opinion of Peters & Co., the Chinook Board has unanimously (other than in respect of one director who has declared an interest in the Arrangement and abstained from voting in connection with the same) determined that the Arrangement is: (i) fair to the Chinook Shareholders; (ii) in the best interests of Chinook and the Chinook Shareholders; and (iii) has resolved to unanimously (other than in respect of the aforementioned abstaining director) recommend the Chinook Shareholders vote in favour of the Arrangement.
- (jj) Rights Plans. Chinook does not have and will not implement any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Chinook Common Shares or other securities of Chinook or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement, with the exception of the Chinook Options and related Chinook Option agreements.
- (kk) Proceeds of Crime. To the knowledge of Chinook, Chinook and each Chinook Subsidiary has not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Chinook or a Chinook Subsidiary and its operations and have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (ll) No Guarantees. Other than an indemnification of directors and officers in accordance with existing indemnification agreements, the by-laws of Chinook or Applicable Laws and other than standard indemnity agreements in underwriting and agency agreements, credit facilities, transfer agent and registrar agreements, and in the ordinary course provided to service providers or pursuant to the joint operating agreements, farm-out agreements, carried working interest agreements, overriding royalty agreements and similar agreements, Chinook has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.

- (mm) Payments to Employees Etc. Chinook has withheld from each payment made to any of its present or former employees, officers or directors, or to other Persons, all amounts required by law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes, and levies, and has remitted such withheld amounts within the required time to the appropriate governmental entity. Chinook has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity taxes as required under applicable legislation on any sale, supply or delivery made by them.
- (nn) No Encumbrances. Chinook and each Chinook Subsidiary has not encumbered or alienated its interest in its oil and gas assets or agreed to do so and such assets are free and clear of all Encumbrances (other than Permitted Encumbrances), created by, through or under Chinook or a Chinook Subsidiary, except for those arising in the ordinary course of business, which are not material in the aggregate, and rights of first refusal or other pre-emptive rights that will not be triggered or accelerated by the Arrangement.
- (oo) No Reduction of Interests. Except as is reflected in the Land Schedule, none of Chinook's oil and gas assets are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Chinook, which would in the aggregate have a Material Adverse Effect on Chinook.
- (pp) Royalties, Rentals and Taxes Paid. To its knowledge all royalties, and all ad valorem, property, production, severance and similar taxes, assessment and rentals payable on or before the date hereof and based on, or measured by, Chinook's ownership of its oil and gas assets, the production of petroleum substances from its oil and gas assets or the receipt of proceeds therefrom under the leases and other title and operating documents pertaining to Chinook's oil and gas assets and all ad valorem, property, production, severance and similar taxes and assessments based upon or measured by the ownership of such assets or the production of petroleum substances derived therefrom or allocated thereto or the proceeds of sales thereof payable on or before the date hereof have been properly paid in full and in a timely manner except to the extent that such non payment would not in the aggregate have a Material Adverse Effect on Chinook.
- (qq) Production Allowables and Production Penalties.
- (i) To its knowledge, none of the wells in which Chinook holds an interest have been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority and Chinook has no knowledge of any impending change in production allowables imposed by any Applicable Laws or any Governmental Authority that may be applicable to any of the wells in which it holds an interest, other than changes of general application in the jurisdiction in which such wells are situate; and
 - (ii) Chinook has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any governmental authority, including gas oil ratio, off target and overproduction penalties imposed by any governmental authority that may be applicable, and, to its knowledge, none of the wells in which it holds an interest is subject to any such penalty or restriction;
- except, in either case, to the extent that such events would not in the aggregate have a Material Adverse Effect on Chinook.
- (rr) Operation and Condition of Wells. All wells in which Chinook holds an interest:
- (i) for which Chinook was or is operator, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws; and

- (ii) for which Chinook was not or is not operator, to its knowledge, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws;

except, in either case, to the extent that such non compliance with prudent oil and gas industry practices or Applicable Laws would not in the aggregate have a Material Adverse Effect on Chinook.

- (ss) Operation and Condition of Tangibles. Chinook's tangible depreciable property used or intended for use in connection with its oil and gas assets:

- (i) for which Chinook was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Chinook was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business; and
- (ii) for which Chinook was not or is not operator, to its knowledge, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which Chinook was not operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business;

except to the extent that such non compliance with prudent oil and gas industry practices or Applicable Laws or failure to be in good condition and repair would not in the aggregate have a Material Adverse Effect on Chinook.

- (tt) Outstanding AFEs. Except as set forth in the Chinook Disclosure Letter, there are no outstanding authorizations for expenditure pertaining to any of Chinook's oil and gas assets or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such assets.
- (uu) Place of Principal Offices. Chinook is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (vv) Location of Assets and U.S. Sales. All of the assets and property of Chinook including all entities "controlled by" Chinook for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$90 million during Chinook's most recent completed fiscal year.
- (ww) Foreign Private Issuer. Chinook is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (xx) Investment Company. Chinook is not registered or required to be registered as an "investment company" pursuant to the U.S. Investment Company Act.
- (yy) Exchange Act. No class of securities of Chinook is registered or required to be registered pursuant to Section 12 of the *United States Securities Exchange Act of 1934*, as amended, nor does Chinook have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.
- (zz) Off-Balance Sheet Arrangements. Chinook does not have any "off-balance sheet arrangements" as such term is defined under GAAP.
- (aaa) Flow-Through Obligations. Chinook has not entered into any agreements or made any covenants with any parties with respect to the issuance of "flow-through" shares or the incurring and renunciation of Canadian

exploration expense or Canadian development expense, which amounts have not been fully expended and renounced as required thereunder.

- (bbb) Certain Payments. The Chinook Disclosure Letter sets out Chinook's *bona fide* good faith estimate of the Chinook Transaction Costs, Net Debt, Chinook Change of Control and Severance Payments, Chinook Office Lease Obligations and the information described in Section 2.5(b) and all other Outstanding Indebtedness;
- (ccc) Production. Chinook's average daily working interest production for the month of January 2020 was not less than 3,400 barrels of oil equivalent ("**boe**") per day of natural gas, oil and natural gas liquids. For the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes.
- (ddd) Sufficient Funds. Chinook has sufficient funds available to satisfy the Purchaser Termination Fee.
- (eee) No Withholding. To the knowledge of Chinook, Chinook has not withheld from Purchaser any material information or documents concerning Chinook or its assets or liabilities during the course of Purchaser's review of Chinook and its assets which may reasonably be considered to be material to a purchaser in a transaction of the nature of the transactions contemplated by this Agreement.

4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, the following definitions shall apply:
 - (i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of Applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;
 - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta);
 - (iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created wider the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
 - (iv) "**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to Purchaser by Chinook in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the

completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless (a) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.

- (d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each Party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access to such information in order to complete the Arrangement.
- (g) Where authorized by applicable law, each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Arrangement Resolution. The Arrangement Resolution shall have been passed by the Chinook Shareholders in accordance with the Interim Order by the Outside Date.
- (b) Final Order. The Final Order shall have been granted by the Outside Date in form and substance satisfactory to Purchaser and Chinook, acting reasonably and such order shall not have been set aside or modified in a manner unacceptable to Purchaser and Chinook, acting reasonably, on appeal or otherwise.

- (c) Articles of Arrangement. The Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Purchaser and Chinook, acting reasonably.
- (d) Third Party Approvals. Purchaser and Chinook shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from relevant third parties and Governmental Authorities, on terms and conditions satisfactory to the Parties, acting reasonably but not including consent of Chinook's bankers (collectively, the "**Third Party Approvals**").
- (e) Outside Date. The Effective Date shall be on or before the Outside Date.
- (f) Waiting Periods. All domestic and foreign statutory and regulatory waiting periods applicable to the transactions contemplated by the Arrangement, shall have expired or have been terminated and no unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period.
- (g) No Actions. There shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of Purchaser on the one hand and Chinook on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement (save and except for Section 4.3 which shall survive such termination and remain in full force and effect) by written notice to the other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

5.2 Additional Conditions to Obligations of Purchaser

The obligation of Purchaser to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties. The representations and warranties of Chinook set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date) and Chinook shall have provided to Purchaser a certificate of two senior officers certifying such accuracy on the Effective Date, provided that Chinook shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants. Chinook shall have complied in all material respects with its covenants herein, and Chinook shall have provided to Purchaser a certificate of two senior officers certifying compliance with such covenants; provided that Chinook shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Purchaser, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Chinook.
- (d) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Chinook.
- (e) Board and Chinook Shareholder. Chinook shall have furnished Purchaser with:
 - (i) certified copies of the resolutions duly passed by the Chinook Board approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolution of Chinook Shareholders, duly passed at the Chinook Meeting, approving the Arrangement Resolution.
- (f) Dissent Rights. Holders of Chinook Common Shares that have validly exercised, and not withdrawn, Dissent Rights shall represent no more than 17.0% of the Chinook Common Shares then outstanding.
- (g) Chinook Securities. Immediately prior to the Effective Time: (i) the aggregate number of Chinook Common Shares issued and outstanding shall not exceed 238,752,801; (ii) there shall be no other shares or other securities in the capital of Chinook outstanding; and (iii) no Person shall have any agreement or option or any right or privilege (whether by law, pre emptive right, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any unissued Chinook Common Shares or other equity interests in Chinook and all Chinook Options shall have been exercised or terminated pursuant to the Chinook Option Cancellation Agreements or the Plan of Arrangement or otherwise dealt with in a manner acceptable to Purchaser.
- (h) Releases. Chinook shall have used reasonable commercial efforts to ensure that executed mutual releases in a form acceptable to Purchaser, acting reasonably, shall have been received by Purchaser on or prior to the Effective Date from each Person who is a director, officer or employee of Chinook and who is entitled to receive a severance amount or other payment as a consequence of the Arrangement.
- (i) Resignations and Releases. Executed resignations and mutual releases, in form satisfactory to Purchaser, acting reasonably, shall have been received by Purchaser from all of the directors of Chinook (effective as of the Effective Time).
- (j) Production. Chinook's average daily working interest production for the month of March 2020 shall not have been less than 3,500 barrels of oil equivalent ("**boe**") per day of natural gas, oil and natural gas liquids, provided that this production threshold shall be reduced by decreases in Chinook production caused by temporary uncontrolled third party events. For the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes..
- (k) Certain Payments. At the Effective Time, Outstanding Indebtedness shall not exceed \$9,340,750 and the Chinook Transaction Costs, Net Debt, Chinook Change of Control and Severance Payments and Chinook Office Lease Obligations shall not exceed the respective amounts therefor set forth in the Chinook Disclosure Letter.
- (l) Chinook Related Parties. At the Effective Time, there shall be no amounts owing to Chinook by any Chinook Related Party.

The conditions in this Section 5.2 are for the exclusive benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances or may be waived by Purchaser in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Purchaser may have. If any of the foregoing conditions are not satisfied or waived, Purchaser may, in addition to any other remedies it may have at law or equity, terminate this Agreement (save and except for Article 6 and Section 4.3 which shall survive such termination and remain in full force and effect) provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, Purchaser has delivered a written notice to Chinook, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which Purchaser is asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by Purchaser.

5.3 Additional Conditions to Obligations of Chinook

The obligation of Chinook to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Purchaser shall have provided to Chinook a certificate of two senior officers or authorized signatories certifying such accuracy on the Effective Date, provided that Purchaser shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Chinook (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants. Purchaser shall have complied in all material respects with its covenants herein, and Purchaser shall have provided to Chinook a certificate of two senior officers certifying compliance with such covenants; provided that Purchaser shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Chinook (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions. No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Chinook, acting reasonably, in either case has had or, if the Arrangement was consummated, would materially delay or significantly impede the ability of Purchaser to consummate the Arrangement.
- (d) Board Authorization. Purchaser shall have furnished Chinook with certified copies of the resolutions duly passed by the board of directors of Purchaser approving this Agreement and the consummation of the transactions contemplated hereby.
- (e) Purchase Consideration. Purchaser shall have deposited or caused to be deposited in escrow with the Depository under the Arrangement sufficient funds to pay the aggregate amount of Cash Consideration per Share payable for all issued and outstanding Chinook Common Shares pursuant to the Arrangement in accordance with the Plan of Arrangement.

The conditions in this Section 5.3 are for the exclusive benefit of Chinook and may be asserted by Chinook regardless of the circumstances or may be waived by Chinook in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Chinook may have. If any of the foregoing conditions are not satisfied or waived, Chinook may, in addition to any other remedies it may have at law or equity, terminate this Agreement (save and except for Article 6 and Section 4.3 which shall survive such

termination and remain in full force and effect), provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, Chinook has delivered a written notice to Purchaser, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which Chinook is asserting as the basis for the non-fulfillment of the applicable conditions precedent. More than one such notice may be delivered by Chinook.

5.4 Notice and Effect of Failure to Comply with Conditions

Each of Purchaser and Chinook shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Purchaser Damages

If at any time after the execution of this Agreement and prior to its termination (and provided that there is no breach or non-performance by Purchaser of a material provision of this Agreement):

- (i) the Chinook Board fails to recommend that holders of Chinook Shares vote in favour of the Arrangement or withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Purchaser, any of its recommendations or determinations referred to in Section 2.8;
- (ii) the Chinook Board shall have failed to publicly reaffirm any of its recommendations or determinations referred to in Section 2.8 in accordance with Section 3.5(e) or within three Business Days of any written request to do so by Purchaser (or, in the event that the Chinook Meeting to approve the Arrangement is scheduled to occur within such three Business Day period, prior to the scheduled date of such meeting);
- (iii) prior to the date of the Chinook Meeting, a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the Chinook Shareholders or to Chinook and the Chinook Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval, and such Acquisition Proposal, an amended version thereof or any other Acquisition Proposal relating to Chinook is consummated within 12 months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made;
- (iv) the Chinook Board or any committees of the Chinook Board accepts, recommends, approves or enters into a definitive agreement to implement a Superior Proposal;
- (v) Chinook is in non-compliance with any of its covenants made in this Agreement where, other than in the case of Section 3.5, such non-compliance individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, Chinook, and Chinook fails to cure such breach within five Business Days after receipt

of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or

- (vi) Chinook is in breach of any representation or warranty made in this Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Chinook, and Chinook fails to cure such breach within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

(each of the above being a "**Purchaser Damages Event**"), then in the event of the termination of this Agreement pursuant to Article 8 as a result thereof, Chinook shall pay to Purchaser (or to whom Purchaser may direct in writing), \$1,750,000 (the "**Purchaser Termination Fee**") as liquidated damages in immediately available funds to an account designated by Purchaser within one Business Day after the first to occur of the events described above. Following a Purchaser Damages Event, but prior to payment of the Purchaser Termination Fee, Chinook shall and shall be deemed to hold such payment in trust for Purchaser.

6.2 Purchaser Liquidated Damages

Chinook acknowledges that the Purchaser Termination Fee set out in Section 6.1 is a payment of liquidated damages which are a genuine pre-estimate of the damages which Purchaser will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Chinook irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, Purchaser agrees that the payment of the amount pursuant to Section 6.1 is the sole monetary remedy of Purchaser; provided, however, that this limitation shall not apply in the event of fraud or wilful breach of this Agreement by Chinook. Nothing herein shall preclude Purchaser from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements of Chinook set forth in this Agreement or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Chinook Meeting be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of the Chinook securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Chinook Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

7.2 Amendment of Plan of Arrangement

- (a) The Parties may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Chinook Meeting, approved by the Court; and (iii) communicated to holders of Chinook Common Shares if and as required by the Court.
- (b) Other than as may be required under the Interim Order, any amendment to the Plan of Arrangement may be proposed by Chinook or Purchaser at any time prior to or at the Chinook Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Chinook Meeting, shall become part of the Plan of Arrangement for all purposes.
- (c) Any amendment to the Plan of Arrangement that is approved by the Court following the Chinook Meeting shall be effective only if it is consented to by each of the Parties and does not reduce the consideration payable to Chinook Shareholders and otherwise is not adverse to the financial interests of any holder of Chinook Common Shares.

ARTICLE 8 TERMINATION

8.1 Termination

- (a) This Agreement may be terminated at any time prior to the Effective Date:
 - (i) by mutual written consent of Purchaser and Chinook;
 - (ii) as provided in Sections 5.1, 5.2 and 5.3;
 - (iii) by Purchaser upon the occurrence of a Purchaser Damages Event as provided in Section 6.1; and
 - (iv) by Chinook upon the occurrence of a Purchaser Damages Event as provided in Section 6.1 (provided Chinook has complied with its obligations set forth in Section 3.5(d), as applicable) and the payment by Chinook to Purchaser of the amount required by Section 6.1.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Party hereunder except as provided in Article 6 and Section 4.3 and each Party's obligations under the Chinook Confidentiality Agreement, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 8.1(b) shall relieve any Party from any liability for any fraud or wilful breach by it of this Agreement prior to the date of such termination.

**ARTICLE 9
NOTICES**

9.1 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by overnight courier or sent by email:

(a) in the case of Purchaser, to:

Tourmaline Oil Corp.
Suite 3700 250 – 6th Avenue S.W.
Calgary, Alberta T2P 3H7

Attention: Michael L. Rose, President and Chief Executive Officer
email: rose@tourmalineoil.com

(b) in the case of Chinook, to:

Chinook Energy Inc.
Suite 1610, 222 – 3rd Avenue S.W.
Calgary, Alberta T2P 0B4

Attention: Walter Vratavic, President and Chief Executive Officer
email: walterv@chinookenergyinc.com

or such other address as the Parties may, from time to time, advise the other Party hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time email or facsimile transmission is received; provided that, if a notice is received outside normal business hours on any Business Day, or is received on a day that is not a Business Day, then such notice will be deemed to have been received at the beginning of normal business hours on the next following Business Day.

**ARTICLE 10
GENERAL**

10.1 Non-Survival of Representations and Warranties.

No investigation by or on behalf of, or knowledge of, a Party, will mitigate, diminish or affect the representations or warranties made by the other Party in this Agreement or any certificate delivered by such other Party pursuant to this Agreement. The respective representations and warranties of the Parties contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 10.1 shall not limit any undertaking, obligations covenant or agreement of whatever nature of a Party or any of its subsidiaries which, by its terms, contemplates performance after the Effective Time or date on which this Agreement is terminated, as the case may be.

10.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

10.3 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Party hereto.

10.4 Public Communications

Each of Purchaser and Chinook agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

10.5 Costs

Except as otherwise expressly provided for in Section 3.6, Section 3.8 and Article 6, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed.

10.6 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.7 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.8 Time of Essence

Time shall be of the essence of this Agreement.

10.9 Applicable Law and Enforcement

This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta located in Calgary, in respect of all matters arising out of this Agreement, without prejudice to the rights of the Parties to take proceedings in any other jurisdiction. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

10.10 Waiver

Any Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance with the other Party's agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

10.11 Third Party Beneficiaries

The provisions of Section 3.1(e), Section 3.2(a) and Section 3.2(b) are: (i) intended for the benefit of all such directors and officers and shall be enforceable by each of such Persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Chinook shall hold the rights and benefits of such sections in trust for and on behalf of the Third Party Beneficiaries and Chinook hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

[Remainder of page left blank intentionally – signatures follow]

10.12 Counterparts

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

TOURMALINE OIL CORP.

By: (signed) "Michael L. Rose"
Michael L. Rose
President and Chief Executive Officer

CHINOOK ENERGY INC.

By: (signed) "Walter Vrataric"
Walter Vrataric
President and Chief Executive Officer

EXHIBIT "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF CHINOOK ENERGY INC. (THE "**CORPORATION**") THAT:

1. the arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "B" to the Arrangement Agreement (as defined below), a copy of which is attached to Appendix "•" to the Information Circular of the Corporation dated •, 2020 (the "**Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;
2. the arrangement agreement between the Corporation and Tourmaline Oil Corp. dated February 22, 2020 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix • to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 4 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;
3. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation may, without further notice to or approval of the shareholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;
4. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver articles of arrangement and to execute, and, if, appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and
5. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

EXHIBIT "B"

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (c) "**Arrangement Agreement**" means the agreement dated February 22, 2020, between Purchaser and Chinook with respect to the Arrangement and all amendments thereto;
- (d) "**Arrangement Resolution**" means the special resolution of Chinook Shareholders in respect of the Arrangement to be considered at the Chinook Meeting substantially in the form attached as Appendix "A" to the Arrangement Agreement;
- (e) "**Articles of Arrangement**" means the articles of arrangement to be prepared by Chinook in respect of the Arrangement required under Subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (f) "**business day**" means a day other than a Saturday, Sunday or other day when banks in the City of Calgary, Alberta are not generally open for business;
- (g) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the ABCA giving effect to the Arrangement;
- (h) "**Chinook**" means Chinook Energy Inc., a corporation existing under the laws of the Province of Alberta;
- (i) "**Chinook Common Shares**" means the common shares in the capital of Chinook;
- (j) "**Chinook Meeting**" means the annual and special meeting of Chinook Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournment(s) thereof;
- (k) "**Chinook Shareholders**" means holders of Chinook Common Shares;
- (l) "**Court**" means the Court of Queen's Bench of Alberta;
- (m) "**Depository**" means the depository under the Arrangement, AST Trust Company;
- (n) "**Dissenting Chinook Shareholders**" means registered Chinook Shareholders who validly exercise the rights of dissent provided to them under the Interim Order;
- (o) "**Effective Date**" means the date the Arrangement is effective under the ABCA;
- (p) "**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date and the Arrangement becomes effective;

- (q) "**Final Order**" means the order of the Court approving the Arrangement to be applied for by Chinook following the approval of the Arrangement Resolution at the Chinook Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Chinook Shareholders, Chinook, and Purchaser, as such order may be affirmed, amended or modified by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (r) "**Information Circular**" means the management information circular and proxy statement of Chinook, together with all appendices thereto to be mailed or otherwise distributed by Chinook to the Chinook Shareholders and such other securityholders of Chinook as may be required pursuant to the Interim Order in connection with the Chinook Meeting;
- (s) "**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Chinook Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (t) "**ITA**" means the *Income Tax Act (Canada)*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (u) "**Letter of Transmittal**" means the letter of transmittal accompanying the Information Circular sent to Chinook Shareholders pursuant to which holders of Chinook Common Shares are required to deliver certificates representing the Chinook Common Shares;
- (v) "**Purchaser**" means Tourmaline Oil Corp., a corporation existing under the laws of the Province of Alberta; and
- (w) "**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA.

1.2 The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.5 Unless otherwise specified, all references to "dollars" or "\$" shall mean Canadian dollars. All amounts that are not expressed in Canadian dollars shall, where necessary, be converted into Canadian dollars using the exchange rate quoted by the Bank of Canada at noon on the Effective Date.

1.6 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.7 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (i) all registered and beneficial Chinook Shareholders; (ii) Chinook; (iii) Purchaser; and (iv) all other persons.

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence set out therein.

ARTICLE 3 ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein.

Dissenting Chinook Shareholders

(a) the Chinook Common Shares held by Dissenting Chinook Shareholders who have validly exercised the rights of dissent provided to them under the Interim Order which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Purchaser, free and clear of all liens, claims and encumbrances, and cancelled and, as of the Effective Time, such Dissenting Chinook Shareholders shall cease to have any rights as Chinook Shareholders, other than the right to be paid the fair value of their Chinook Common Shares in accordance with Article 4;

Acquisition of Chinook Common Shares by Purchaser

(b) each issued and outstanding Chinook Common Share (other than those held by Dissenting Chinook Shareholders) shall be transferred by the holder thereof without any further action on its part, free and clear of all liens, claims and encumbrances, to Purchaser in exchange for \$0.0675 in cash paid by Purchaser and Purchaser shall be deemed to be the legal and beneficial owner of such transferred Chinook Common Share free and clear of any liens, claims or encumbrances, and upon such exchange:

- (i) the holders of such Chinook Common Shares shall cease to be the holders of Chinook Common Shares and the names of such holders shall be removed from the register of holders of Chinook Common Shares with respect to all such Chinook Common Shares; and
- (ii) Purchaser shall become the holder of the Chinook Common Shares so exchanged and shall be added to the register of holders of Chinook Common Shares as the registered holder of such shares.

ARTICLE 4 DISSENTING CHINOOK SHAREHOLDERS

4.1 Each registered holder of Chinook Common Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order and this Article 4, provided that notwithstanding Section 191(5) of the ABCA, the written objection to the Arrangement referred to in Section 191(5) of the ABCA must be received by Chinook not later than 4:00 p.m. (Calgary time) on the date that is two business days prior to the date of the Chinook Meeting. A Dissenting Chinook Shareholder shall, at the Effective Time, cease to have any rights as a holder of Chinook Common Shares (other than as set forth herein) and shall only be entitled to be paid by Purchaser the fair value of the holder's Chinook Common Shares. A Dissenting Chinook Shareholder who is entitled to be

paid by Purchaser the fair value of the holder's Chinook Common Shares shall be deemed to have transferred the holder's Chinook Common Shares, free and clear of all liens, claims and encumbrances, to Purchaser for cancellation without any further act or formality as of the Effective Time, notwithstanding the provisions of Section 191 of the ABCA.

4.2 A Dissenting Chinook Shareholder who for any reason is not entitled to be paid the fair value of the holder's Chinook Common Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Chinook Common Shares notwithstanding the provisions of Section 191 of the ABCA.

4.3 The fair value of the Chinook Common Shares shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the holders of Chinook Common Shares.

4.4 In no event shall Chinook or Purchaser be required to recognize such Dissenting Chinook Shareholder as a Chinook Shareholder after the Effective Time and the names of such holders shall be removed from the register of Chinook Shareholders as at the Effective Time.

4.5 For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, any person who has voted in favour of the Arrangement Resolution shall not be entitled to dissent with respect to the Arrangement. In addition, a Dissenting Chinook Shareholder may only exercise dissent rights in respect of all, and not less than all, of its Chinook Common Shares.

ARTICLE 5 OUTSTANDING CERTIFICATES AND FRACTIONAL SHARES

5.1 Purchaser shall, as soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Chinook Common Shares of a duly completed and executed Letter of Transmittal, such additional documents and instruments as the Depository may reasonably require and the certificates representing such Chinook Common Shares, either:

- (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in the Letter of Transmittal; or
- (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depository for pickup by such holder;

a cheque for the aggregate consideration payable to such holder under the Arrangement.

5.2 Until deposited as contemplated by Section 5.1, each certificate that immediately prior to the Effective Time represented Chinook Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such deposit the consideration and other property to which the holders of such Chinook Common Shares are entitled under the Arrangement, or as to those held by Dissenting Chinook Shareholders, other than those Dissenting Chinook Shareholders deemed to have participated in the Arrangement pursuant to Section 4.2, to receive the fair value of the Chinook Common Shares represented by such certificates. Any such certificate formerly representing Chinook Common Shares not duly surrendered on or before the last business day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former Chinook Shareholder of any kind or nature against Chinook or Purchaser. On such date, all consideration and other property to which such former holder was entitled shall be deemed to have been surrendered to Chinook or Purchaser, as applicable.

5.3 No Chinook Shareholder shall be entitled to receive any consideration with respect to such Chinook Common Shares other than the consideration and other property to which such holder is entitled to receive under the Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

5.4 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Chinook Common Shares, that were exchanged pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depository will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration and other property to which the holder is entitled pursuant to the Arrangement as determined in accordance with the Arrangement. The person who is entitled to receive such consideration and other property shall, as a condition precedent to the receipt thereof, give a bond satisfactory to Purchaser and its transfer agent in such form as is satisfactory to Purchaser and such transfer agent, each acting reasonably, or otherwise indemnify Chinook, Purchaser and the transfer agent, to the reasonable satisfaction of such parties, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 6 AMENDMENTS

6.1 Chinook and Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by both parties, (iii) filed with the Court and, if made following the Chinook Meeting, approved by the Court, and (iv) communicated to Chinook Shareholders, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Chinook or Purchaser at any time prior to or at the Chinook Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Chinook Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Chinook Meeting shall be effective only if it is consented to in writing by each of Chinook and Purchaser.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time effective only if it is consented to in writing by each of Purchaser and Chinook, provided that it concerns a matter which, in the reasonable opinion of each of Purchaser and Chinook, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial interests of any former holder of Chinook Common Shares.

APPENDIX "D"

PETERS & CO. FAIRNESS OPINION



2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

February 22, 2020

Chinook Energy Inc.
Suite 1610, 222 3rd Avenue SW
Calgary, AB T2P 0B4

Attention: The Special Committee of the Board of Directors and the Board of Directors of Chinook Energy Inc.

Dear Sirs:

Peters & Co. Limited (“**Peters & Co.**”, “**we**”, “**our**” or “**us**”) understands that Chinook Energy Inc. (“**Chinook**”) and Tourmaline Oil Corp. (“**Tourmaline**”) propose to enter into an arrangement agreement dated effective as of February 22, 2020 (the “**Arrangement Agreement**”). The Arrangement Agreement contemplates the acquisition of Chinook by Tourmaline by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the “**Arrangement**”) pursuant to which Tourmaline will acquire all of the issued and outstanding common shares of Chinook (“**Chinook Shares**”), including any Chinook Shares which are issued upon the exercise of outstanding options to purchase Chinook Shares.

Peters & Co. understands that pursuant to the Arrangement, holders of Chinook Shares will be entitled to receive cash consideration (the “**Consideration**”) of \$0.0675 for each one (1) Chinook Share, as set forth in the Arrangement Agreement and related plan of arrangement. The Arrangement is subject to the terms and conditions of the Arrangement Agreement, including receipt of all applicable approvals.

Peters & Co. understands that all directors and executive officers of Chinook have agreed to enter into voting agreements (the “**Voting Agreements**”) pursuant to which they have agreed to vote the Chinook Shares beneficially owned or controlled by them in favour of the Arrangement.

Engagement of Peters & Co.

Peters & Co. was formally engaged by the special committee of the board of directors and the board of directors of Chinook (collectively, the “**Board**”) pursuant to an engagement agreement dated November 29, 2019 (the “**Engagement Agreement**”) (formalizing work initially commenced by Peters & Co. on Chinook’s behalf on February 13, 2015), to provide certain financial advisory services, including a fairness opinion concerning the possible transaction between Chinook and Tourmaline. This opinion (the “**Fairness Opinion**”) as to the fairness, from a financial point of view, of the Consideration to be received by the holders of Chinook Shares pursuant to the Arrangement is provided pursuant to the Engagement Agreement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares, or convertible securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the Fairness Opinion. The terms of the Engagement Agreement provide that Peters & Co. is to be paid fees for its services as financial advisor, including fees that are payable upon the completion of the Arrangement, as well as a fixed fee upon delivery of the written Fairness Opinion. The fees payable in respect of the fairness opinion are not contingent upon a conclusion reached by us in the Fairness Opinion, or the completion of the Arrangement. Chinook has agreed to indemnify Peters & Co. in

respect of certain liabilities which may be incurred by it in connection with the use by Chinook and the Board of this Fairness Opinion.

Qualifications of Peters & Co.

Peters & Co. is an independent investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the oil and natural gas, oilfield services and energy infrastructure industries; and is an active underwriter for, and financial advisor to, companies active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving oil and natural gas, oilfield services and energy infrastructure companies in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies.

The opinion expressed herein is the opinion of Peters & Co. as a firm. This Fairness Opinion has been reviewed and approved for release by certain senior corporate finance principals of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and opinion matters.

Relationship of Peters & Co. with Interested Parties

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Chinook or Tourmaline. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Chinook or Tourmaline in connection with any matter, other than acting as a financial advisor to Chinook pursuant to the Engagement Agreement. However, in the course of the past two years prior to delivery of this Fairness Opinion, Peters & Co.:

- a) with respect to Chinook:
 - (i) provided financial advisory services in connection with an offering of Chinook flow-through common shares which closed in December 2017;
- b) with respect to Tourmaline:
 - (i) provided advisory services and served as sole agent in raising \$209 million in private placement funds for Topaz Energy Corp., which remains a majority owned subsidiary of Tourmaline, to fund its initial acquisition of certain assets from Tourmaline;
 - (ii) miscellaneous advisory work, the fees related to which were not financially material to Peters & Co.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Chinook and/or Tourmaline from time to time and has executed, or may execute, transactions in the securities of Chinook and/or Tourmaline for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its

clients on investment matters, including the Chinook Shares and the Arrangement. There are no understandings or agreements between Peters & Co., Chinook and/or Tourmaline with respect to any future business dealings.

Scope of Review

In connection with rendering the Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

Information Concerning Chinook

- (i) a draft of the Arrangement Agreement dated effective as of February 22, 2020;
- (ii) a draft of the Voting Agreements for certain holders of Chinook Shares;
- (iii) the audited consolidated financial statements of Chinook for the year ended December 31, 2018, together with the notes thereto and the auditors' report thereon and the related management's discussion and analysis;
- (iv) the unaudited condensed consolidated financial statements of Chinook for the three and nine months ended September 30, 2019, together with the notes thereto and the related management's discussion and analysis;
- (v) the management information circular for Chinook dated April 1, 2019 for the annual and special meeting of holders of Chinook Shares held on May 14, 2019;
- (vi) the annual information form of Chinook dated March 8, 2019 for the year ended December 31, 2018;
- (vii) the report prepared by McDaniel & Associates Consultants Ltd. dated March 8, 2019 evaluating the oil, natural gas and natural gas liquid reserves of Chinook as at December 31, 2018;
- (viii) internal Chinook management forecasts, projections, estimates and budgets prepared by Chinook management;
- (ix) a schedule of current developed and undeveloped land holdings of Chinook;
- (x) the corporate presentation of Chinook dated December 2019;
- (xi) copy of the news release announcing the Arrangement;
- (xii) information obtained in various discussions with the senior management and certain other employees of Chinook and Chinook's legal counsel; and
- (xiii) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Chinook.

Information Concerning Tourmaline

- (i) excerpts from the news release announcing the Arrangement.

In addition to the information detailed above, Peters & Co. has:

- (i) reviewed certain publicly-available information pertaining to current and expected future oil and natural gas prices, oilfield activity levels and other economic factors;
- (ii) reviewed and considered capital market conditions, both current and expected, for the oil and natural gas industry in general, for exploration and production companies, and for Chinook specifically;
- (iii) reviewed the operating and financial performance and business characteristics of Chinook relative to the performance and characteristics of select relevant Canadian exploration and production companies;
- (iv) received representations contained in a certificate addressed to us from certain senior officers of Chinook as to the completeness and accuracy of the information upon, which the Fairness Opinion is based; and
- (v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by Chinook to its senior management, the Board and legal advisors and was, to the best of our knowledge, provided with all material information.

Assumptions and Limitations

The Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Chinook as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Chinook. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the “**Disclosure**”) obtained by us from public sources or received from Chinook or its consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of our professional judgment, and except as expressly described herein, Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Disclosure.

The Arrangement is subject to a number of conditions outside the control of Chinook and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and in a reasonable amount of time and all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In rendering the Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Fairness Opinion does not constitute a recommendation as to whether any holders of Chinook Shares should vote in favour of the Arrangement.

Certain senior officers of Chinook have represented to us in a certificate that, among other things, the information, data, budgets, company generated reports, evaluation, representation and other material, financial or otherwise (collectively, the “**Information**”) provided to us on behalf of Chinook, as applicable, is complete and correct at the date such Information was provided, and that since the date of the provision

of such Information, there has been no material change, financial or otherwise, in the position of Chinook or its respective assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature so as to render such Information, taken as a whole, untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. and used in our analyses, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgments of the senior management of Chinook as to the matters covered thereby, and in rendering the Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

Fairness Opinion and Reliance

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Consideration to be received by holders of Chinook Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Chinook Shares.

This Fairness Opinion may be relied upon by the Board solely for the purposes of considering the Arrangement and its recommendation to the holders of Chinook Shares with respect to the Arrangement and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent.

Yours truly,

(Signed) "Peters & Co. Limited"

PETERS & CO. LIMITED

APPENDIX "E"

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Pursuant to the Interim Order, Chinook Shareholders have the right to dissent in respect of the Arrangement in accordance with Section 191 of the ABCA, as modified by the Interim Order. Such right to dissent is described in the Information Circular. The full text Section 191 of the ABCA is set forth below.

191(1) Subject to Sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under Section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under Section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under Section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in Section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under Section 184 or 187,
- (d) be continued under the laws of another jurisdiction under Section 189, or
- (e) sell, lease or exchange all or substantially all its property under Section 190.

(2) A holder of shares of any class or series of shares entitled to vote under Section 176, other than Section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that:

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

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APPENDIX "F"

ADDITIONAL INFORMATION CONCERNING CHINOOK

We were incorporated under the name "Storm Ventures International Inc." pursuant to the ABCA on August 28, 2003. On June 29, 2010, we were amalgamated with Iteration Energy Ltd. to form "Chinook Energy Inc.". On January 1, 2014, we were amalgamated with two of our wholly-owned subsidiaries, Chinook Energy Ltd. and Iteration Energy Inc., to form "Chinook Energy Inc.". On January 1, 2015, we were amalgamated with our wholly-owned subsidiary, 1398216 Alberta Ltd., to form "Chinook Energy Inc.". On December 12, 2016, in connection with a plan of arrangement, our articles were amended and restated to: (i) increase the voting rights of the old common shares from one (1) vote per old common share to two (2) votes per old common share; (ii) authorize us to issue an unlimited number of new common shares as an additional class of shares of our share capital; and (iii) cancel the old common shares from our share capital which we were was authorized to issue and rename the new common shares as "Common Shares".

Our head office is located at Suite 1610, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4 and our registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

As at March 10, 2020, 223,731,901 Chinook Common Shares were issued and outstanding and 15,020,900 Chinook Options entitling the holders thereof to acquire an aggregate 15,020,900 Chinook Common Shares were outstanding.

DESCRIPTION OF THE BUSINESS OF CHINOOK

We are a Calgary-based oil and natural gas exploration and development company with a large contiguous Montney liquids-rich natural gas position at our Birley/Umbach property in northeast British Columbia.

TRADING PRICE AND VOLUME

The Chinook Common Shares are listed and posted for trading on the TSX and trade under the symbol "CKE". The following sets forth the price range and trading volume of the Chinook Common Shares on the TSX (as reported by the TSX) for the periods indicated:

	Chinook Common Shares		
	Price Range		Traded Volume
	High \$/share	Low \$/share	
2019			
January	0.155	0.125	4,421,263
February	0.160	0.120	9,883,938
March	0.160	0.125	1,571,629
April	0.145	0.130	1,138,537
May	0.135	0.115	1,127,055
June	0.120	0.120	769,554
July	0.125	0.095	751,484
August	0.090	0.045	2,554,171
September	0.060	0.045	1,847,660
October	0.055	0.040	1,434,219
November	0.060	0.040	3,423,488
December	0.050	0.045	3,498,679
2020			
January	0.060	0.045	1,931,858
February	0.065	0.045	11,923,045
March (1 - 9)	0.070	0.060	11,497,711

On February 21, 2020, the last trading day completed prior to announcement of the proposed Arrangement, the closing price of the Chinook Common Shares on the TSX was \$0.06 per share. On March 9, 2020, the closing price of the Chinook Common Shares on the TSX was \$0.065 per share.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at March 10, 2020, 223,731,901 Chinook Common Shares were issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting.

To the knowledge of our directors and executive officers, as at the date hereof, no person or company beneficially owned or controlled or directed, directly or indirectly, our voting securities carrying more than 10% of the voting rights attached to any class of our voting securities, other than as set forth below:

Name	Common Shares	Percentage of all Voting Securities
AIMCo	80,357,142 ⁽¹⁾	36%
Bison Interests, LLC	33,627,762 ⁽²⁾	15%

Notes:

- (1) Share numbers based solely on a report filed by Her Majesty the Queen in right of the Province of Alberta ("HMQ"), as represented by AIMCo, pursuant to National Instrument 62-103. AIMCo, as investment manager to HMQ, maintains investment control and direction over the common shares for the benefit of pension, endowment and government funds clients in the Province of Alberta.
- (2) Based solely on a report filed by Bison Interests, LLC pursuant to National Instrument 62-103.

PREVIOUS PURCHASES AND DISTRIBUTIONS

None of our securities have been purchased by us in the prior 12 months.

In the five years preceding the date hereof, the only common shares issued by us (other than common shares issued pursuant to the exercise of share options or upon the vesting of share awards) was on December 11, 2017 whereby we completed a private placement of 6,450,000 flow-through common shares at \$0.31 per share for total consideration of \$2.0 million.

DIVIDEND POLICY

We have not paid any dividends on the outstanding Chinook Common Shares and currently have no intention of paying any such dividends.

AUDIT COMMITTEE INFORMATION

The information required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, including information regarding the fees billed to us by KPMG LLP, Chartered Accountants, Calgary, Alberta, is contained in the Chinook AIF, under the heading "Audit Committee Information", an electronic copy of which is available on our SEDAR profile at www.sedar.com.

COMPENSATION GOVERNANCE

Composition of our Compensation, Nominating and Corporate Governance Committee

Our Compensation, Nominating and Corporate Governance Committee (the "**Committee**") is comprised of Robert J. Iverach (Chairman), Jill T. Angevine and Robert J. Herdman all of whom are "independent" for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Guidelines*. The following table sets forth the assessment of each current committee member's independence for the purpose of National Instrument 58-101 – *Corporate Governance Guidelines* and the relevant skills and experience of each member of our committee that enables such member to make decisions on the suitability of our compensation policies and practices.

Name	Relevant Skills and Experience
Robert J. Iverach, Q.C. (Chair)	Mr. Iverach's education and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from his service on boards and compensation committee of numerous publicly traded companies and his in excess of 40 years of financial experience as a tax lawyer. Mr. Iverach has extensive experience dealing with financial statements, financial planning and tax matters pertaining to a large array of public and private corporations, partnerships, income trusts and individuals. Mr. Iverach has completed the program offered by the Institute of Corporate Directors, is entitled to use the designation ICD.D and has been an examiner for the program.
Jill T. Angevine	Ms. Angevine's education and experience that enable her to make decisions on the suitability of our compensation policies and practices are derived from her service on boards and compensation committee of numerous publicly traded companies and her work experience analyzing oil and natural gas companies similar to our company including, most recently, as Managing Director at Palisade Capital Management Ltd. (an independent, privately held asset management firm) since December 3, 2018; Vice President and Portfolio Manager at Matco Financial Inc. (an independent, privately held asset management firm) from October 2013 until October 31, 2018 and prior thereto, as Vice President and Director, Institutional Research at FirstEnergy Capital Corp. (a financial advisory and investment services provider in the energy market). Ms. Angevine is a graduate of the University of Calgary, having earned a Bachelor of Commerce. She has earned the Chartered Accountant (CA) and the Chartered Financial Analyst (CFA) designations. Ms. Angevine has also completed the program offered by the Institute of Corporate Directors and is entitled to use the designation ICD.D.
Robert J. Herdman	Mr. Herdman's education and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from his service on boards and compensation committee of numerous publicly traded companies and his in excess of 20 years experience as a senior audit partner with PricewaterhouseCoopers LLP (a public accounting firm) during which time Mr. Herdman had extensive dealings with audit committees and boards of large public companies, extensive exposure to the regulatory and compliance environment in Canada and the United States. Mr. Herdman received a Bachelor of Education degree from the University of Calgary. Mr. Herdman is a Chartered Accountant and is Fellow of the Institute of Chartered Accountants.

Mandate and Terms of Reference of our Compensation, Nominating and Corporate Governance Committee

Our Board has adopted a mandate for our Committee which has, as part of its mandate, the responsibility for reviewing matters relating to the human resource policies and compensation of our directors, officers and employees in the context of our budget and business plan. Without limiting the generality of the foregoing, the committee has the following duties:

- (i) to review the compensation philosophy and remuneration policy for our employees and to recommend to our Board changes to improve our ability to recruit, retain and motivate employees;
- (ii) to review and recommend to our Board the retainer and fees to be paid to members of our Board;
- (iii) to review and approve corporate goals and objectives relevant to the compensation of our President and Chief Executive Officer, evaluate our President and Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to our Board with respect to) our President and Chief Executive Officer's compensation level based on such evaluation;
- (iv) to recommend to our Board with respect to non-Chief Executive Officer and director compensation including to review management's recommendations for proposed share option, share purchase plans and other incentive-compensation plans and equity-based plans for non-Chief Executive Officer and director compensation and make recommendations in respect thereof to our Board;

- (v) to administer the share option plan and other incentive plans approved by our Board in accordance with their terms including recommending (and, if delegated authority thereunder, approving) the grant of share options or other incentives in accordance with the terms thereof;
- (vi) to determine and recommend for approval of our Board bonuses to be paid to our officers and employees and to establish targets or criteria for the payment of such bonuses, if appropriate;
- (vii) to review the annual disclosure required by applicable securities laws to be made by our company with respect to compensation including the Compensation Discussion and Analysis required to be included in our information circular – proxy statement and review other executive compensation disclosure before we publicly disclose such information; and
- (viii) to conduct an assessment, at least once a year, of the risks associated with our company's compensation policies and practices and prepare and submit to our Board annually a report summarizing: (i) the risks identified in such assessment that are reasonably likely to have a material adverse effect on our company; and (ii) the recommendations of our Committee to mitigate against any potential items identified in such assessment that may be reasonably expected to lead an executive officer to take inappropriate or excessive risks.

Our Committee is required to be comprised of at least three of our directors or such greater number as our Board may determine from time to time. All members of our committee are required to be independent as such term is defined for purposes of National Instrument 58-101. Our Board is from time to time to designate one of the members of our committee to be the Chair of our committee. Pursuant to the Mandate and Terms of Reference of our Committee, meetings of our committee are to take place at least one time per year and at such other times as the Chair of our committee may determine.

Compensation Consultant or Advisor

At no time in the most recently completed financial year has a compensation consultant or advisor been retained by our company to assist our Board or our Committee to determine the compensation of our directors or executive officers.

No fees were billed by any consultant or advisor for services related to determining compensation for any of our directors or executive officers in the two most recently completed financial years.

COMPENSATION DISCUSSION AND ANALYSIS

Our executive compensation program is administered by our Compensation, Nominating and Corporate Governance Committee. In establishing our annual compensation program, our President and Chief Executive Officer provides recommendations to our Committee with respect to compensation for our executive officers, including our President and Chief Executive Officer, and our employees. In making such recommendations, our President and Chief Executive Officer reviews a number of factors including general industry compensation data and compensation data compiled for our peer group, corporate performance as well as individual performance. Our Committee reviews the data and information provided and recommendations for compensation are then made by our Committee to our full Board for consideration. Our Board meets to discuss the recommendations made by our committee for executive compensation, including the recommendation for our President and Chief Executive Officer's compensation. Discussions, both formal and informal, may ensue between both our Committee and our Board and our President and Chief Executive Officer with respect to the recommendations and adjustments may be made prior to final approval by our Board.

Objectives and Principles of Executive Compensation Program

The objectives of our executive compensation program are twofold, namely: (i) to enable our company to attract and retain highly qualified and experienced individuals to serve as executive officers (including our Named Executive Officers); and (ii) to align the compensation levels available to our executive officers to the successful implementation

of our strategic plans and annual objectives. Our executive compensation program is designed to reward our executive officers where they have contributed to our success and growth.

A significant component of our compensation program is based on a "pay-for-performance" philosophy which supports our commitment to delivering strong performance for our shareholders. Our compensation policies are designed to attract, recruit and retain individuals of high calibre to serve as our officers, to motivate their performance in order to achieve our strategic objectives and to align the interests of executive officers with the long-term interests of our shareholders and enhancement in share value. Compensation of all executive officers, including our President and Chief Executive Officer, is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and our overall performance. Our Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and natural gas industry and the impact of internal and market related occurrences from time to time.

Compensation and Market Position

Compensation reduction initiatives were undertaken in respect of fiscal 2016 in light of the downturn in oil and natural gas prices. Effective January 1, 2016, our executive officers voluntarily reduced their base salaries by 7.5%.

During 2016 and into early 2017, we successfully implemented our strategy of rationalizing our non-core assets to further focus on our Montney liquids-rich natural gas position at Birley/Umbach, British Columbia. In January and February of 2017, management and our Committee met to determine an appropriate peer group reflecting our reduced size and focus on our Montney resource. When determining executive compensation in respect of fiscal 2017 and 2018, management and our Committee referred to executive compensation information for 2015 derived from the public record of Gear Energy Ltd., Leucrotta Exploration Inc., Marquee Energy Ltd., RMP Energy Inc. and Yangarra Resources Ltd. for the purposes of setting total executive compensation and the components thereof. For fiscal 2017 and 2018, it was our philosophy to target total compensation for our Named Executive Officers at the 50th percentile of that of the comparative group based on the foregoing market data with the potential for increase depending on both individual and corporate performance. For fiscal 2019, our total target compensation philosophy remained unchanged. For fiscal 2017, 2018 and 2019, it was our philosophy to target the split of total compensation for our President and Chief Executive Officer as to a 65%/35% split between cash-based compensation and share-based compensation comprised of share options. For fiscal 2017, 2018 and 2019, it was our philosophy to target the split of total compensation for our remaining Named Executive Officers as to a 70%/30% split between cash-based compensation and share-based compensation comprised of share options. Our Committee determined that given our focus on realizing per share growth from our Montney resource, it was more appropriate for the share-based compensation of our officers, including our Named Executive Officers, to be comprised entirely of share options instead of restricted or performance awards as this would better align management's long-term incentive compensation with share performance and therefore shareholders' interests.

Compensation reduction initiatives were again undertaken in respect of fiscal 2019 in light of the continued downturn in oil and natural gas prices. Effective February 1, 2018, we suspended contributions to our employee stock savings plan. In addition, for fiscal 2019, we implemented a reduced work week from May to December for our staff, including our executive officers, which translated into a further 13.33% reduction of base salaries.

Elements of Our Executive Compensation Program

Our compensation program for our executive officers, is comprised of three principal components: (i) base salary, perquisites and, prior to February 1, 2018, contributions to our employee stock savings plan, (ii) short-term incentive compensation comprised of annual discretionary cash bonuses, and (iii) long-term incentive compensation comprised of share options. Together, these components are designed to achieve the following key objectives:

- aligning the compensation framework so as to promote and support our company'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 options) 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 superior corporate performance and retention of highly skilled and talented employees; and
- to align executive compensation, particularly by awarding a significant portion of long-term incentive compensation in the form of share options, with share performance and therefore shareholders' interests.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of our company'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 both short-term and long-term performance of our company. 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 our company and long-term value creation for shareholders. Awarding a significant portion of long-term incentive compensation in the form of share options provides, through the value of the common shares, a direct link with shareholder return.

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 our company's compensation program and serves to attract and retain highly qualified executives. Our company 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. In light of depressed oil and natural gas prices, effective January 1, 2016, our executive officers voluntarily reduced their base salaries by 7.5%. Salaries of our executive officers, including that of our President and Chief Executive Officer, are reviewed annually by our 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.

For fiscal 2019, the salaries of our executive officers remained at their 2016 and 2017 levels reflecting the 7.5% voluntary reduction in such salaries in fiscal 2016. In addition, for fiscal 2019, we implemented a reduced work week from May to December for our staff, including our executive officers, which translated into a further 13.33% reduction of base salaries.

Employee Stock Savings Plan and Other Perquisites

For fiscal 2017, we also provided executive officers, along with all other employees, with voluntary participation in our company's employee stock savings plan ("ESSP") established effective July 1, 2010. The purpose of the ESSP was to make available to our permanent employees a means of acquiring through regular payroll deductions and our additional contribution, common shares so that the employee can benefit from the growth in our share value. See "*Statement of Executive Compensation – Incentive Plans – Employee Stock Savings Plan*" for a description of the ESSP. Effective February 1, 2018, as part of compensation reduction initiatives, we suspended contributions to our employee stock savings plan. In addition, we also provide certain perquisites and other benefits to employees which are generally typical of those provided by our peers in the Canadian oil and natural gas industry including life and disability insurance and extended health and dental coverage.

Short-Term Incentive Compensation – Annual Cash Bonuses

In addition to base salaries, our company has a discretionary bonus plan pursuant to which our Board, upon recommendation of our Committee, may award annual cash bonuses to all employees, including executive officers. The bonus element of our company's executive compensation program is designed to retain top quality talent and

reward both corporate and individual performance during our company's last completed financial year. To determine bonus awards for senior personnel, including the Named Executive Officers, our Committee considers both the executive's personal performance and the performance of our company relative to our peers. In addition, the discretionary bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the average cash compensation of executives at similar-sized oil and natural gas companies during the year in question. The amount of the bonus paid is not set in relation to any formula or specific criteria but is the result of a subjective determination of our company's and the individual's performance during the last fiscal year. While our committee has not established strict pre-determined quantitative performance criteria linked to the payment of bonuses, our committee will consider certain performance indicators including, but not limited to (i) growth in production volumes; (ii) growth in reserves on a proven and proven plus probable basis; (iii) finding and development costs; (iv) operating costs and general and administrative costs per barrel of oil equivalent; (v) metrics achieved in connection with acquisitions and dispositions; (vi) other corporate activity during the year; and (vii) our performance for all of the above relative to our goals and objectives and in relation to the performance of similar-sized oil and natural gas companies during the year in question. The payment of bonuses is ultimately subject to the final approval of our Board and our Board has the discretion to amend or suspend the bonus plan at any time in its sole discretion.

Personal performance of employees is evaluated by our President and Chief Executive Officer and is based on certain subjective factors such as demonstrated leadership and individual contributions to the success of our company. Personal performance for each executive officer is evaluated by our Committee in consultation with our President and Chief Executive Officer and is based on a subjective analysis of the individual's contribution to the corporate performance of our company. After assessing corporate and personal performance, our 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 our Committee for review, discussion and approval by our Board.

Given depressed oil and natural gas prices, no annual cash bonuses were paid to our employees including our executive officers in respect of fiscal 2017, fiscal 2018 or fiscal 2019.

Long-Term Incentive Compensation

Share Options

Executive officers, along with our officers, directors, employees, consultants and other service providers are eligible to participate in our company's share option plan (the "**Option Plan**"). Options granted under the Option Plan are intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the Option Plan rewards overall corporate performance, as measured through the price of our common shares. In addition, the Option Plan encourages the retention of key executives and enables executives to develop and maintain a significant ownership position in our company. As with many similar-sized exploration and production companies, share options form an integral component of the total compensation package provided to our executive officers. This results in a significant portion of executive compensation being "at risk" and directly linked to the achievement of business results and long-term value creation.

Options are normally recommended by management and approved by our Committee or our Board upon the commencement of an individual's employment with our company based on the level of responsibility within our company. Our company's current policy is that additional option grants are made on an annual basis to ensure that the number of share options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within our company and to ensure that one of the primary purposes of the share options, namely retention of the executives, is being maintained. In considering annual grants, our committee and our Board has flexibility in the determination of the size of the award and takes into account all relevant circumstances, including the number of share options and restricted and performance awards held by such individual, the exercise price and implied value of the share options, the term remaining on those share options and the total number of common shares reserved for issuance under the Option Plan and the restricted and performance award incentive plan of our company (the "**Award Plan**") on a combined basis. The size of the annual option award to individual executives is determined by considering individual performance, level of responsibility, authority and overall importance to our company and the degree to which each executive's potential and contribution are considered critical to the long term success of our company. Options are priced at the five-day volume weighted average trading price of the common shares immediately preceding

the date of grant. The current policy of our Board is that options have a five year term and vest at a rate of one-third on each of the first, second and third anniversaries of the date of grant subject to accelerated vesting at the discretion of our Board or a committee of our Board appointed from time to time to administer the Option Plan. See "*Statement of Executive Compensation – Incentive Plans – Share Option Plan*" for a description of the detailed terms of the Option Plan.

For fiscal 2017, 2018 and 2019, our Committee and our Board determined that given our focus on realizing per share growth from our Montney resource, it was more appropriate for the share-based compensation of our senior staff, including our Named Executive Officers, to be comprised entirely of share options instead of restricted or performance awards as this would better align these employees' long-term incentive compensation with share performance and therefore shareholders' interests. An aggregate of 4,560,000 options were granted pursuant to the Option Plan in 2019.

Risk Implications Associated with Compensation Policies and Practices

As described herein, our company's executive compensation program is administered by our Committee. In carrying out its mandate, our Committee reviewed the elements of compensation of our company to identify any risks arising from our company's compensation policies and practices that could reasonably be expected to have a material adverse effect on our company as well as the practices used to mitigate any such issues. Our Committee concluded that the compensation program and policies of our company does not encourage our executive officers to take inappropriate or excessive risks. This assessment was based on a number of considerations including, without limitation, the following: (i) the compensation program of our company attempts to achieve a balance between cash and equity compensation which are based both on individual and corporate performance, both financial and non-financial and the overall compensation program is market based and aligned with our company's business plan and long term strategies; (ii) our company's compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among our executive officers; (iii) in exercising its discretion under the cash bonus plan and grants of options and restricted awards, our Committee reviews individual and corporate performance, using a variety of measures to assess corporate performance, taking into account the long-term interests of our company; (iv) options are generally granted annually and vest over three years and restricted award grants are generally granted annually and vest over a two year period which further mitigates any short-term risk taking potential; and (v) results of assessments of individual contributions of executive officers are reviewed and considered in awarding compensation.

Short Sales, Puts, Calls and Options

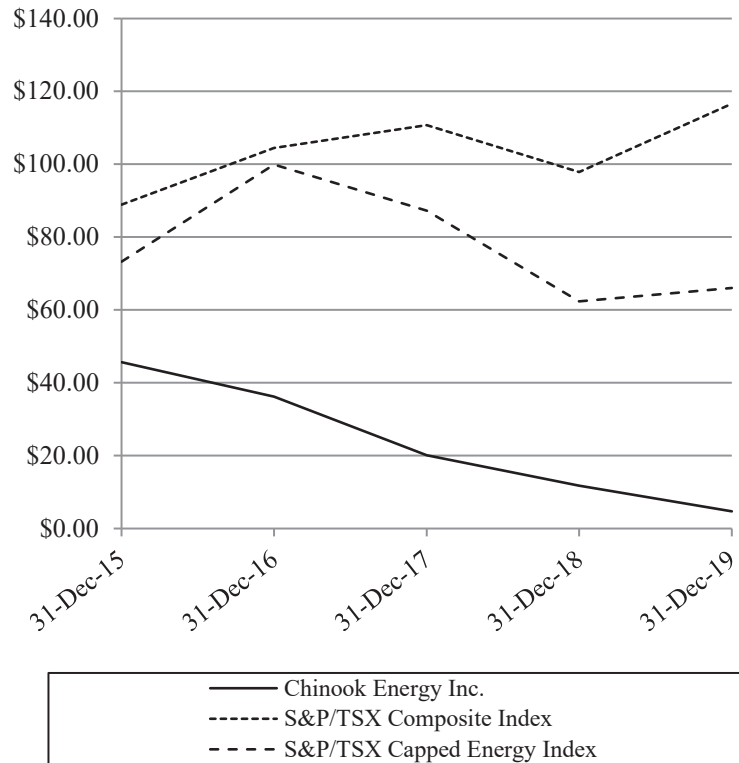
Our company's Disclosure, Confidentiality and Trading Policy provides that our directors, officers and all of our employees, shall not knowingly sell, directly or indirectly, a security of our company if such person selling such security does not own or has not fully paid for the security to be sold. In addition, the Disclosure, Confidentiality and Trading Policy provides that our directors, officers and employees shall not, directly or indirectly, buy or sell a call or put in respect of a security of our company. Notwithstanding these prohibitions, our directors, officers and employees may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

Summary

Our company's compensation policies have allowed our company to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. Our Committee has reviewed the compensation regime and is satisfied that the current levels of total compensation are reflective of competitive market practices, align pay for performance with the interests of shareholders and support our company's objective to attract, retain and motivate highly capable executive talent. Through the compensation program described above, a meaningful portion of the compensation for all employees, including executives, is based on corporate performance, as well as industry-competitive pay practices. Our Committee and our Board will continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of our company.

Performance Graph

The following graph compares the cumulative total shareholder return for \$100 invested in the common shares over the five most recently completed financial years, as measured by the closing price of the common shares at the end of each year, with the cumulative total return on each of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index, assuming the reinvestment of dividends, where applicable, for the same period.



Comparison of Cumulative Total Return ⁽¹⁾

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Chinook Energy Inc.	\$100.00	\$45.67	\$36.22	\$20.08	\$11.81	\$4.72
S&P/TSX Composite Index	\$100.00	\$88.91	\$104.48	\$110.78	\$97.88	\$116.61
S&P/TSX Capped Energy Index	\$100.00	\$73.22	\$99.92	\$87.28	\$62.36	\$66.01

Note:

(1) Assuming an investment of \$100 on December 31, 2014.

While a significant portion of the compensation of our executive officers is performance based, it is difficult to correlate total compensation to the trends shown in the above performance graphs. As described under "Compensation Discussion and Analysis", base salaries are set to be competitive with industry levels of our peer group. While the value of share options granted pursuant to the Option Plan and restricted and performance awards granted pursuant to the Award Plan are directly affected by changes in share price, the payment of cash bonuses in respect of fiscal 2014 (none were paid in respect of fiscal 2015, 2016, 2017, 2018 and 2019) was not set in relation to any formula or specific criteria but is the result of subjective determination of our company's and the individual's performance during the fiscal year, the results of which may not have been reflected in the share price. In addition, the trading price of the

common shares may be affected by various factors not related to our results such as changes in commodity prices and general economic conditions.

Summary Compensation Table

The following table sets forth information concerning the compensation during each of our three most recently completed fiscal years paid to our Chief Executive Officer and Chief Financial Officer and each of our three other most highly compensated executive officers, other than our Chief Executive Officer and Chief Financial Officer, for the year ended December 31, 2019 whose total compensation was more than \$150,000 (collectively, our "Named Executive Officers").

Name and principal position	Year	Salary	Share-based awards	Option-based awards ⁽¹⁾	Non-equity annual incentive plan compensation		Pension value	All other compensation ⁽²⁾	Total compensation
					Annual incentive plans	Long-term incentive plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Walter J. Vrataric President and Chief Executive Officer	2019	238,897	Nil	54,639	Nil	Nil	Nil	7,605	301,141
	2018	257,274	Nil	80,502	Nil	Nil	Nil	8,496	346,272
	2017	275,650	Nil	149,251	Nil	Nil	Nil	38,709	463,610
Jason B. Dranchuk Vice President, Finance and Chief Financial Officer	2019	222,462	Nil	43,380	Nil	Nil	Nil	7,168	273,010
	2018	239,575	Nil	64,036	Nil	Nil	Nil	7,920	311,531
	2017	256,687	Nil	106,620	Nil	Nil	Nil	36,080	399,387
Timothy S. Halpen Chief Operating Officer	2019	212,442	Nil	38,413	Nil	Nil	Nil	7,290	258,145
	2018	228,783	Nil	56,927	Nil	Nil	Nil	7,560	293,270
	2017	245,125	Nil	94,783	Nil	Nil	Nil	34,416	374,324
Chad T. Lerner Vice President, Land	2019	180,856	Nil	36,757	Nil	Nil	Nil	6,853	224,466
	2018	194,768	Nil	54,335	Nil	Nil	Nil	6,810	255,913
	2017	208,680	Nil	82,860	Nil	Nil	Nil	29,689	321,229
Darrel Zacharias Vice President, Exploration	2019	200,417	Nil	38,413	Nil	Nil	Nil	7,605	246,435
	2018	200,417	Nil	56,927	Nil	Nil	Nil	8,052	265,396
	2017	231,250	Nil	94,783	Nil	Nil	Nil	33,381	359,414

Notes:

- (1) Refers to options granted under the Option Plan. See "*Statement of Executive Compensation – Incentive Plans – Share Option Plan*". The fair value of the options granted annually is obtained by multiplying the number of options granted by their value established according to the Black, Scholes and Merton model. This value is the same as the fair value established in accordance with generally accepted accounting principles and accounting for the following assumptions: expected volatility – 57% to 80%, risk free rate of return – 1% to 2%, expected stock option life – 3 years to 5 years, dividend yield rate – 0% and forfeiture rate – 13% to 14%. The fair value of option grants have been determined using the same methodology and values used in determining the option value for our financial statements as we believe it represents the best estimate of fair value of the options at the time of the grant.
- (2) All other compensation includes our portion of contributions to the ESSP, life insurance premiums and parking benefits and the amounts included in the table represent the incremental costs to our company. Included in the foregoing in the case of Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias are the amounts paid by our company to the ESSP in 2019, 2018 and 2017 as follows: for 2019, \$nil, \$nil, \$nil, \$nil and \$nil; for 2018, \$2,757, \$2,567, \$2,451, \$2,087 and \$2,313; and for 2017, \$33,078, \$30,802, \$29,415, \$25,042 and \$27,750.

Incentive Plan Awards

Outstanding Option-based and Share-based Awards

The following table sets forth all option-based awards and share-based awards outstanding for each of our Named Executive Officers as at December 31, 2019.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Walter J. Vrataric	825,000	0.14	January 7, 2024	Nil	Nil	Nil	Nil
	1,000,080	0.20	January 25, 2023	Nil			
	870,000	0.38	April 2, 2022	Nil			
	300,000	0.54	December 29, 2020	Nil			
	70,000	1.19	January 8, 2020	Nil			
Jason B. Dranchuk	655,000	0.14	January 7, 2024	Nil	Nil	Nil	Nil
	795,520	0.20	January 25, 2023	Nil			
	621,500	0.38	April 2, 2022	Nil			
	225,000	0.54	December 29, 2020	Nil			
	70,000	1.19	January 8, 2020	Nil			
Timothy S. Halpen	580,000	0.14	January 7, 2024	Nil	Nil	Nil	Nil
	707,200	0.20	January 25, 2023	Nil			
	552,500	0.38	April 2, 2022	Nil			
	200,000	0.54	December 29, 2020	Nil			
	70,000	1.19	January 8, 2020	Nil			
Chad T. Lerner	555,000	0.14	January 7, 2024	Nil	Nil	Nil	Nil
	675,000	0.20	January 25, 2023	Nil			
	483,000	0.38	April 2, 2022	Nil			
	175,000	0.54	December 29, 2020	Nil			
	70,000	1.19	January 8, 2020	Nil			
Darrel Zacharias	580,000	0.14	January 7, 2024	Nil	Nil	Nil	Nil
	707,200	0.20	January 25, 2023	Nil			
	552,500	0.38	April 2, 2022	Nil			
	200,000	0.54	December 29, 2020	Nil			
	70,000	1.19	January 8, 2020	Nil			

Notes:

- (1) Calculated based on the closing price of the common shares on the TSX on December 31, 2019, which was \$0.06 per share, less the exercise price of the options.
- (2) Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias did not own any Incentive Awards.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested during the year ended December 31, 2019, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2019, for each Named Executive Officer.

Name	Option-based awards – Value of options vested during the year (as at vesting date) ⁽¹⁾	Share-based awards – Value vested during the year ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾
	(\$)	(\$)	(\$)
Walter J. Vrataric	Nil	Nil	Nil
Jason B. Dranchuk	Nil	Nil	Nil
Timothy S. Halpen	Nil	Nil	Nil
Chad T. Lerner	Nil	Nil	Nil
Darrel Zacharias	Nil	Nil	Nil

Notes:

- (1) Calculated based on the difference between the closing price of the common shares on the TSX on the vesting date and the exercise price of the options.
- (2) Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias did not own any Incentive Awards.
- (3) Given depressed commodity prices, no annual cash bonuses were paid to our Named Executive Officers in respect of fiscal 2019.

Pension Plan Benefits

We do not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

We have entered into executive change of control agreements with each of Walter J. Vrataric, Jason B. Dranchuk, Timothy S. Halpen, Chad T. Lerner and Darrel Zacharias. The executive change of control agreements continue for one year following a change of control unless earlier terminated by the parties. A change of control includes a sale of all or substantially all of our assets, the acquisition by a person or persons acting in concert of more than 50% of our shares, or a transaction whereby we merge or amalgamate with another person and our shareholders thereafter hold less than 50% of the shares of the new entity.

The executive change of control agreements and the employment of these executive officers can be terminated at any time by our company for just cause (in which case there are no payments other than accrued vacation, earned salary, and reimbursement of expenses). In the event that we terminate the executive change of control agreements and these executive officers without just cause on, or in the one year after, a change of control the executives are, in addition to accrued salary, vacation and reimbursable expenses, entitled to an amount equal to 1.5 times the sum of (i) annual salary, (ii) 15% for loss of benefits and perquisites, and (iii) the average of cash bonuses paid in the 24 months preceding the last day of employment. In the event of a change of control of our company, and if in the one year following a change of control there is an event or events that constitute good reason (an adverse change in any of the duties, powers, rights, discretions, salary, title, or lines of reporting such that following such changes the responsibilities and status of such executive are not at least substantially equivalent to those assigned previously, or any other reason that would constitute constructive dismissal), each of Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias has an election to terminate employment on the same basis as if we had terminated their employment without just cause in the one year following a change of control. Any retiring allowance paid to Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias is less required withholdings, and they must sign a full and final release and resign from all officer and director positions.

All of our executive officers have confidentiality obligations during their employment and after their employment ceases. Additionally, the executive change of control agreements provide that Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias for one year following the last day of their employment cannot, directly or indirectly, solicit, encourage or entice away any of our employees and consultants.

Upon termination of employment of Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias, there is no automatic acceleration of, or any other benefit relating to, any share options or Incentive Awards which may as at such date be held by Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias, but the share options and Incentive Awards are required to be exercised within a specified period of time upon such individual ceasing to be a service provider. Pursuant to the Option Plan, our Board may, at its discretion, accelerate the vesting of share options. Upon a "Change of Control" of our company (as such term is defined in the Award Plan) the payment date(s) applicable to all outstanding Incentive Awards which may as at such date be held by Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias are accelerated to that date immediately prior to the date upon which the Change of Control is completed.

See the table below for the estimated incremental payments, payables and benefits to Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias pursuant to their executive employment agreements assuming a termination or a change of control effective December 31, 2019. See "*Incentive Plans*" below.

Name	Triggering Event	Cash Payment (\$)	Share Options⁽³⁾ (\$)	Incentive Awards⁽⁴⁾ (\$)	Total (\$)
Walter J. Vrataric	Change of Control and Termination ⁽¹⁾	475,496	Nil	Nil	475,496
	Change of Control without Termination	-	Nil	Nil	Nil
	Termination by Corporation without Just Cause ⁽²⁾	475,496	-	-	475,496
Jason B. Dranchuk	Change of Control and Termination ⁽¹⁾	442,786	Nil	Nil	442,786
	Change of Control without Termination	-	Nil	Nil	Nil
	Termination by Corporation without Just Cause ⁽²⁾	442,786	-	-	442,786
Timothy S. Halpen	Change of Control and Termination ⁽¹⁾	422,841	Nil	Nil	422,841
	Change of Control without Termination	-	Nil	Nil	Nil
	Termination by Corporation without Just Cause ⁽²⁾	422,841	-	-	422,841
Chad T. Lerner	Change of Control and Termination ⁽¹⁾	359,973	Nil	Nil	359,973
	Change of Control without Termination	-	Nil	Nil	Nil
	Termination by Corporation without Just Cause ⁽²⁾	359,973	-	-	359,973
Darrel Zacharias	Change of Control and Termination ⁽¹⁾	398,906	Nil	Nil	398,906
	Change of Control without Termination	-	Nil	Nil	Nil
	Termination by Corporation without Just Cause ⁽²⁾	398,906	-	-	398,906

Notes:

- (1) Where the executive change of control agreements are terminated by our company other than for just cause in the one year following a change of control, or by the executive officers for good reason in the one year following a change of control.
- (2) In the case of resignation or termination by our company for Just Cause (as defined in the applicable agreement), no amounts would be payable nor would there be any benefits receivable.
- (3) There is no automatic acceleration of options in the event of a termination of employment or resignation of a Named Executive Officer. Vesting of options and the acceleration of vesting is at the discretion of our Board. If share options were accelerated by our Board in the event of a termination or resignation of the Named Executive Officer, or in the event of a Change of Control, options to purchase 2,995,080, 2,297,020, 2,039,700, 1,88,000 and 2,039,700 common shares would have been accelerated in respect of Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias, respectively, having the values set forth in the table above as at December 31, 2019, based on the closing price of the common shares of \$0.06 on December 31, 2019 less the applicable exercise price.
- (4) Upon a Change of Control (as such term is defined in the Award Plan), the payment date(s) for all outstanding Incentive Awards shall accelerate such that the balance of the award value attaching to such Incentive Awards will be paid immediately prior to the date upon which the Change of Control is completed and the payout multiplier applicable to any performance awards shall be determined by our Committee. As at December 31, 2019, Messrs. Vrataric, Dranchuk, Halpen, Lerner and Zacharias did not own any Incentive Awards.

Incentive Plans***Securities Authorized for Issuance Under Equity Compensation Plans***

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾			
Share Option Plan	15,475,900 common shares	\$0.30 per common share	6,842,400 common shares ⁽²⁾
Restricted and Performance Award Incentive Plan	49,900 common shares	Not applicable	
Equity compensation plans not approved by securityholders	Nil	Not applicable	Nil
Total	15,525,800 common shares		6,842,400 common shares

Notes:

- (1) Our shareholders approved the unallocated options under the Option Plan at the annual and special meeting of shareholders on May 14, 2019. Our shareholders approved the issuance of common shares from treasury pursuant to the Award Plan on May 11, 2017.
- (2) The Option Plan and the Award Plan currently authorize the issuance of options and Incentive Awards entitling the holders to acquire, in the aggregate, up to 10% of the issued and outstanding common shares from time to time. See "Share Option Plan" and "Restricted and Performance Award Incentive Plan".

Annualized Burn Rate of Incentive Securities During the Past Three Fiscal Years

The following sets forth the annual burn rate for each of our equity incentive securities, being share options, Restricted Awards and Performance Awards, during each of our three most recently completed fiscal years:

Incentive Security	Fiscal Year	Burn Rate (%)
Share Options	2019	2.0
	2018	2.8
	2017	2.6
Restricted Awards	2019	0.0
	2018	0.1
	2017	0.1
Performance Awards	2019	0.0
	2018	0.0
	2017	0.0

Share Option Plan

Our shareholders approved the unallocated options under the Option Plan at the annual and special meeting of shareholders on May 14, 2019. The policies of the TSX require that the unallocated options under the Option Plan be approved every three years by our shareholders.

The Option Plan permits the granting of options to our and our subsidiaries' officers, directors, employees, consultants and other service providers. The Option Plan is intended to afford persons who provide services to our company an opportunity to obtain a proprietary interest in our company by permitting them to purchase common shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with our company. The

Option Plan is administered by our Committee, provided that our Board has the authority to appoint itself or another committee of our Board to administer the Option Plan. The Option Plan, in connection with the Award Plan, limits the number of common shares that may be issued on the exercise of options and the settlement of Incentive Awards, on a combined basis, to a number not exceeding 10% of the number of common shares which are outstanding from time to time.

Pursuant to the Option Plan:

- (a) the maximum number of common shares issuable on exercise of options outstanding at any time shall be limited to 10% of the issued and outstanding common shares less the number of common shares which are issuable pursuant to all other security based compensation arrangements of our company, including, without limitation, the Award Plan;
- (b) the number of common shares issuable to insiders of our company, at any time, under all security based compensation arrangements of our company, including the Option Plan and the Award Plan, shall not exceed 10% of the issued and outstanding common shares;
- (c) the number of common shares issued to insiders of our company, within any one year period, under all security based compensation arrangements of our company, including the Option Plan and the Award Plan, shall not exceed 10% of the issued and outstanding common shares;
- (d) the maximum number of common shares issuable to our directors, as a group, who are not officers or employees of our company, or our subsidiaries, at any time pursuant to outstanding options shall be limited to 1% of the issued and outstanding common shares; and
- (e) the value of options granted to any one of our directors who is not an officer or employee of our company, or our subsidiaries, during a calendar year as calculated on the date of grant, shall not exceed \$100,000.

Any increase in the issued and outstanding common shares (whether as a result of the exercise of options or otherwise) will result in an increase in the number of common shares that may be issued on exercise of options outstanding at any time and any increase in the number of options will, upon exercise, make new grants available under the Option Plan. Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the common shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan to the extent of any common shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired options.

Options granted pursuant to the Option Plan have a term not to exceed five years and, subject to the terms of the Option Plan, vest in such manner as determined by our Committee. In the absence of any determination by our Committee to the contrary, options will vest and be exercisable as to one-third of the number of options granted on each of the first, second and third anniversaries of the date of grant, subject to the acceleration of vesting at the discretion of our Committee. Options granted under the Option Plan are non-assignable. If the normal expiry date of any options falls within any Black-Out Period or within seven (7) business days following the end of any Black-Out Period (the "**Black-Out Options**"), then the expiry date of such Black-Out Options shall, without any further action, be extended to the date that is seven (7) business days following the end of such Black-Out Period. A "**Black-Out Period**" means the period of time when, pursuant to any of our policies, any of our securities may not be traded by certain persons as designated by our company, including any holder of an option.

The exercise price of any options granted under the Option Plan will be determined by our Committee at the time of grant, provided that the exercise price shall not be less than the volume weighted average trading price of the common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five consecutive trading days immediately preceding the date of grant.

Upon the death of an optionee, options terminate on the date determined by our Committee which may not be more than 12 months from the date of death. If an optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other service provider to, either our company or a subsidiary of our company (other than by reason

of death), their options terminate on the expiry of a period not in excess of six months as determined by our Committee at the time of grant, following the date that the optionee ceases to be a director or officer of, or an employee of or a consultant or other service provider to, either our company or a subsidiary of our company and in the absence of any determination to the contrary, will be 60 days following the termination date. The number of common shares that an optionee (or his or her heirs or successors) is entitled to purchase until such date of termination shall be the number of common shares which the optionee was entitled to purchase on the date that the optionee ceased to be an officer, director, employee, consultant or other service provider, as the case may be.

The Option Plan provides optionees with an election, if permitted by our Committee, for a cashless exercise ("**Cashless Exercise**") of an optionee's vested and exercisable options. If an optionee elects a Cashless Exercise the optionee shall surrender its options together with payment in full of the withholding tax amount in respect of such option exercise in exchange for the issuance by our company of that number of common shares equal to the number determined by dividing the difference between the Market Price per share as defined in the Option Plan (calculated as at the date of exercise) and the exercise price of such option by the Market Price per share (calculated as at the date of exercise). In addition, the Option Plan also provides that an optionee has the right to make an offer (the "**Surrender Offer**") to our company to surrender any of the options held by such person for an amount (not to exceed the fair market value) specified therein by the optionee and our company may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required and compliance with any withholding tax obligations.

The Option Plan provides that in the case of a merger, amalgamation or certain other transactions or a take-over bid approved by our Board, our company has the right to satisfy any obligations to an optionee in respect of any unexercised options by paying to the optionee a cash amount equal to the difference between the exercise price of all unexercised options held and the fair market value of the securities which the optionee would have been entitled to receive on exercise thereof.

Without the prior approval of our shareholders, as may be required by an applicable stock exchange, our Committee may not: (i) make any amendment to the Option Plan to increase the percentage of common shares issuable on exercise of outstanding options at any time, (ii) reduce the exercise price of any outstanding options, (iii) extend the term of any outstanding option beyond the original expiry date of such option, (iv) make an amendment to the Option Plan to increase the maximum limit on the number of securities that may be issued to insiders, (v) make an amendment to the Option Plan to increase the maximum number of common shares issuable to directors who are not officers or employees of our company or our subsidiaries, (vi) make any amendment to the Option Plan to permit an optionee to transfer or assign options to a new beneficial optionee other than in the case of death of the optionee, or (vii) amend the restrictions on amendments that are provided in the Option Plan. Subject to the restrictions set out above, our Committee may amend or discontinue the Option Plan and options granted thereunder without shareholder approval; provided any amendment to the Option Plan that requires approval of any stock exchange on which the common shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Option Plan or options granted pursuant to the Option Plan may be made without the consent of the optionee, if it adversely alters or impairs any option previously grant to such optionee.

The current balance of options to acquire 15,020,900 common shares represents approximately 6.7% of our currently outstanding common shares. All options currently outstanding under the Option Plan expire five years from the date of the grant and vest over three years commencing one year after the date of grant subject to acceleration of vesting at the discretion of our Committee.

Restricted and Performance Award Incentive Plan

Our shareholders approved the issuance of common shares from treasury pursuant to the Award Plan at the annual and special meeting of shareholders held on May 11, 2017. The Award Plan provides for the granting of Incentive Awards to employees, officers, directors and other service providers of our company and our affiliates (collectively, "**Service Providers**"). The policies of the TSX require that the unallocated Incentive Awards under the Award Plan be approved every three years by our shareholders. As we are not seeking shareholder approval of the unallocated Incentive Awards under the Award Plan at the Meeting, we will not be permitted to issue common shares from treasury pursuant to the Award Plan following May 11, 2020.

Overview

The principal purposes of the Award Plan are to: (i) provide a competitive compensation plan to retain and attract qualified Service Providers that our company and our affiliates require; (ii) promote a proprietary interest in our company by such Service Providers and to encourage such persons to remain in the employ or service of our company and our affiliates and put forth maximum efforts for the success of the business of our company and our affiliates; and (iii) focus management of our company and our affiliates on operating and financial performance and return realized by shareholders.

The Award Plan is administered by our Committee, provided that our Board has the authority to appoint itself or another committee of our Board to administer the Award Plan.

Under the terms of the Award Plan, any eligible Service Provider may be granted restricted awards ("**Restricted Awards**"), performance awards ("**Performance Awards**") or a combination thereof. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**"), the number of Incentive Awards and the allocation of the Incentive Awards between Restricted Awards and Performance Awards, our Committee may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors: (i) compensation data for comparable benchmark positions among the peer comparison group or among other comparison groups; (ii) the duties, responsibilities, position and seniority of the Grantee; (iii) the corporate performance measures for the applicable period compared with internally established performance measures approved by our Committee and/or similar performance measures of members of the peer comparison group or other comparison groups for such period; (iv) the individual contributions and potential contributions of the Grantee to the success of our company; (v) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of our company; (vi) the fair market value or current market price of the common shares at the time of grant of such Incentive Award; and (vii) such other factors as our Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Award Plan.

For fiscal 2017, 2018 and 2019, our Committee and our Board determined that given our focus on realizing per share growth from our Montney resource, it was more appropriate for the share-based compensation of our senior staff, including our Named Executive Officers, to be comprised entirely of share options instead of Restricted Awards or Performance Awards as this would better align these employees' long-term incentive compensation with share performance and therefore shareholders' interests. Our Committee and our Board determined that Performance Awards will not be granted pursuant to the Award Plan and that Restricted Awards will be granted to junior level staff. There are no outstanding Performance Awards granted pursuant to the Award Plan. An aggregate of 190,400 Restricted Awards were granted to junior staff pursuant to the Award Plan in 2018 and no Restricted Awards were granted in 2019.

Restricted Awards

Subject to the terms and conditions of the Award Plan, Restricted Awards will entitle the holder to a sum (an "**Award Value**") to be paid as to one-half of the Award Value underlying such Restricted Awards on each of the first and second anniversaries of the date of grant of such Restricted Awards. In the case of Restricted Awards, the Award Value is calculated at the payment date(s) by multiplying the number of Restricted Awards by the fair market value of the common shares. The fair market value is determined on the applicable payment date as the volume weighted average trading price of the common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five trading days immediately preceding such date.

Performance Awards

Subject to the terms and conditions of the Award Plan, Performance Awards will entitle the holder to the Award Value to be paid as to one-half of the Award Value underlying such Performance Awards on each of the first and second anniversaries of the date of grant of such Performance Awards. In the case of Performance Awards, the Award Value is calculated at the payment date(s) by first adjusting the number of Performance Awards to reflect a payout multiplier and multiplying the adjusted number of Performance Awards by the fair market value of the common shares. The fair market value is determined on the applicable payment date as the volume weighted average trading price of the

common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five trading days immediately preceding such date.

The payout multiplier is determined by our Committee based on an assessment of the achievement of the pre-defined corporate performance measures in respect of the applicable period. Corporate performance measures may include: relative total shareholder return; recycle ratio; key leading and lagging indicators of health, safety and environmental performance of our company and our affiliates; achievement of our company's full year budget targets and the execution of our company's strategic plan as determined by our Committee in its sole discretion; and such additional measures as our Committee, in its sole discretion, shall consider appropriate in the circumstances. The payout multiplier for a particular period can be one of 0.5x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) or 2x (for first quartile ranking). Annually, prior to the payment date in respect of any Performance Award, our Committee shall assess the performance of our company for the applicable period. A given payout multiplier will apply to all Performance Awards granted during the previous fiscal year.

Method of Payment of Award Value

On the applicable payment date, our company, at its sole and absolute discretion, shall have the option of settling the Award Value to which the holder of Incentive Awards is entitled in the form of either cash or in common shares which may either be acquired by our company on the stock exchange on which the common shares may be listed from time to time or issued from the treasury of our company, or some combination thereof.

The Award Plan does not contain any provisions for financial assistance by our company in respect of Incentive Awards granted thereunder.

Maximum Dilution and Other Limitations

The Award Plan provides that the maximum number of common shares available for issuance from treasury of our company under all security based compensation arrangements of our company (of which the Option Plan is included), including pursuant to outstanding Incentive Awards, at any time shall not exceed 10% of the number of issued and outstanding common shares. Incentive Awards (or the Award Value thereof) that are cancelled, surrendered, terminated or expired prior to the final payment date or in respect to which our company has not elected to issue common shares from treasury in respect thereof, shall result in such common shares being available to be issued, at the election of our company, in respect of a subsequent grant of Incentive Awards pursuant to the Award Plan to the extent of any common shares which were not issued from treasury in respect of such Incentive Award. In addition: (i) the number of common shares that are available to be issued from treasury of our company to insiders at any time, under all security based compensation arrangements of our company, shall not exceed 10% of the issued and outstanding common shares; (ii) the number of common shares issued to insiders from treasury of our company, within any one year period, under all security based compensation arrangements of our company, including the Award Plan, shall not exceed 10% of the issued and outstanding common shares; and (iii) the number of common shares that are available to be issued from treasury of our company pursuant to outstanding Incentive Awards at any time to non-management directors, together with any common shares issuable pursuant to any other security based compensation arrangements of our company, in aggregate, will be limited to a maximum of 1% of the issued and outstanding common shares and the value of all Incentive Awards (together with the award value under any other security based compensation plans of our company) granted to any non-management director during a calendar year, as calculated on the date of grant, shall not exceed \$100,000.

The expiry date of all Incentive Awards granted pursuant to the Award Plan is December 15th of the third calendar year following the calendar year in which the Incentive Award was granted.

Blackout Extension

If a Grantee is prohibited from trading in securities of our company as a result of the imposition by our company of a trading black-out (a "**Black-Out Period**") and the payment date of an Incentive Award held by such Grantee falls within a Black-Out Period, then the payment date of such Incentive Award shall be extended to a date which is 10 business days following the end of such Black-Out Period, unless such extension would cause the payment date to

extend beyond the expiry date, in which case the payment date shall remain on the expiry date notwithstanding the Black-Out Period.

Change of Control

In the event of a "Change of Control" of our company (as such term is defined in the Award Plan), the payment date(s) applicable to all outstanding Incentive Awards will be accelerated such that the balance of the Award Value attaching to such Incentive Awards will be paid immediately prior to the date upon which the Change of Control is completed and the payout multiplier applicable to any Performance Awards shall be determined by our Committee.

Early Termination Events

Unless otherwise determined by our Committee or unless otherwise provided in an incentive award agreement pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

- (a) Death – If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the payment date(s) for all Incentive Awards awarded to such Grantee under any outstanding incentive award agreements shall be accelerated to the cessation date, the heirs or successors of the Grantee shall be entitled to receive payment with respect to the Incentive Awards held by the Grantee at the time of death and the payout multiplier to be applied to any Performance Awards held by the Grantee at the time of death shall be determined by our Committee.
- (b) Termination for Cause – If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the cessation date all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (c) Voluntary Resignation – If Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the cessation date, all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (d) Other Termination – If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the cessation date, all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be terminated and all rights to receive payment thereunder shall be forfeited by the Grantee.
- (e) Extension of Expiration Period – Subject to Section 10 of the Award Plan, our Committee may, in its sole discretion, determine that the dates for termination of the incentive award agreements or Incentive Awards set forth in (a), (b), (c) and (d) above shall be extended, provided such extension shall not be past the expiry date.

Non-Transferability

Except in the case of death, the right to receive payment pursuant to an Incentive Award granted to a Service Provider is held only by such Service Provider personally. Except as otherwise provided in the Award Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and,

immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

Amendment Provisions

Our Committee may not, without the approval of shareholders of our company, make any amendments to:

- (a) increase the percentage of common shares reserved for issuance pursuant to Incentive Awards in excess of the 10% limit prescribed in the Award Plan;
- (b) change any of the limitations on Incentive Awards described above under "Maximum Dilution and Other Limitations";
- (c) extend the payment date of any Incentive Awards issued under the Award Plan beyond the latest payment date specified in the incentive award agreement (other than as permitted by the terms and conditions of the Award Plan) or extend the term beyond the original expiry date;
- (d) permit a Grantee to transfer or assign Incentive Awards to a new beneficial holder other than for estate settlement purposes; and
- (e) change the amendment provisions of the Award Plan.

Except as restricted by the foregoing, our Committee may amend or discontinue the Award Plan or Incentive Awards granted thereunder at any time without shareholder approval provided that any amendment to the Award Plan that requires approval of any stock exchange on which the common shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Award Plan or Incentive Awards granted pursuant to the Award Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Incentive Awards previously granted to such Grantee under the Award Plan.

Employee Stock Savings Plan

The ESSP was effective from July 1, 2010 to February 1, 2018. Compensation reduction initiatives were undertaken in respect of fiscal 2018 in light of the continued downturn in oil and natural gas prices. As part of these initiatives, we suspended contributions to the ESSP effective February 1, 2018. The purpose of the ESSP was to make available to our permanent employees a means of acquiring, through regular payroll deductions and our additional contribution, common shares so that the employee can benefit from the growth in our share value. All permanent employees, including executive officers, were eligible to participate in the ESSP three months after the date of hire. Participation was voluntary and eligible participants were entitled to contribute, by semi-monthly payroll deductions, up to 8% of their regular salary. On a monthly basis, we contributed an amount of funds equal to 1.5 times the employee's contribution accumulated during that month, which contribution was combined with the employee's contribution to acquire common shares on the open market on a monthly basis. Our contributions vested to the respective participant immediately upon being made by our company. Subject to certain exceptions set forth in the ESSP, there was a 12 month calendar restriction on the sale of any common shares acquired under the ESSP. We designated a trust company (the "Trustee") to maintain accounts in the names of the participants and to arrange for the purchase of common shares through the facilities of the TSX. Allocations were made to each participant's account in proportion to the contributions received in common shares acquired. All common shares are registered in the name of the Trustee and remain so registered until delivery is requested. Participants may request that a share certificate for any or all of the common shares credited to their accounts and which are no longer subject to a restriction on sale, be delivered to them at any time. Participants may instruct the Trustee at any time, subject to the terms and conditions of the ESSP, to sell any or all of their common shares which are no longer subject to a restriction on sale. We pay all administration expenses in connection with the operation of the ESSP. Commissions and other charges in connection with sales, withdrawals and share certificate issuing fees are payable by the participants who order the transactions for their account. However, we will pay the commissions and charges associated with one sale transaction and one withdrawal per calendar year per participant, provided that any such sale is conducted through such party as we may determine. If a participant ceases to be an employee for any reason, including death or retirement, the participant shall be deemed

to have ceased to be a participant in the ESSP and we shall be deemed to have waived the twelve month restriction on the sale of any common shares held for the account of the participant.

DIRECTOR COMPENSATION

Our Compensation, Nominating and Corporate Governance Committee annually conducts a review of directors' compensation for board and committee service and recommends changes to our Board where appropriate. Our Board considers and approves the adequacy and form of the compensation of directors upon recommendation of our Committee and ensures the compensation realistically reflects the responsibilities and time involved in being an effective director.

For the purpose of conducting its 2017 and 2018 annual review of directors' compensation, our Committee, among other things, referred to director compensation data derived from the public record of Gear Energy Ltd., Leucrotta Exploration Inc., Marquee Energy Ltd., RMP Energy Inc. and Yangarra Resources Ltd. to benchmark director compensation relative to these companies. At the time of conducting its 2017 and 2018 annual review of directors' compensation, the directors' compensation data of these companies was in respect of 2015 compensation practices. The compensation philosophy for directors is similar to that for Named Executive Officers in that compensation includes a base retainer, a chair retainer, if applicable, meeting fees, and participation under the Option Plan and the Award Plan, the benefit of which is tied to share performance and corporate performance. For 2017 and 2018, following a review of the foregoing peer group, our Committee recommended annual cash/non-cash target compensation for our non-management directors comprised of 50% or \$30,000 being cash-based compensation (annual retainers(s)) with the remaining 50% or \$30,000 to be comprised of share options. The Committee agreed that the foregoing target mix of compensation was appropriate for 2018 in the context of the peer group and the reduced size of the Board following the shareholders' meeting in May 2017. For 2019, our Committee continued with the foregoing recommendations.

For the year ended December 31, 2019, our non-management directors were each paid an annual retainer in the amount of \$25,000 and non-management directors who are the Chairman of the our Board or the Chairman of the committees of our Board were each paid an additional annual retainer in the amount of \$5,000. Members of our Board and committees of our Board were not paid any meeting fees. Our directors were reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors. Each of the directors is also eligible to participate in the Option Plan and the Award Plan, respectively. The Option Plan restricts the number of common shares that may be reserved for issuance to non-management directors to 1% of the aggregate outstanding common shares and the value of all options granted to any one non-management director during a calendar year, as calculated on the date of grant, cannot exceed \$100,000. The Award Plan restricts the number of common shares issuable thereunder to non-management directors to 1% of the aggregate outstanding common shares and the value of all Incentive Awards (together with the award value under any other security-based compensation plans of our company) granted to any one non-management director during a calendar year, as calculated on the date of grant, cannot exceed \$100,000. During fiscal 2019, each of our non-management directors were granted options to purchase 155,000 common shares at an exercise price of \$0.14 per share.

Directors' Summary Compensation Table

The following table sets forth information concerning the compensation earned by our directors for the year ended December 31, 2019.

<u>Name</u>	<u>Fees earned</u>	<u>Share-based awards ⁽¹⁾</u>	<u>Option-based awards</u>	<u>Non-equity incentive plan compensation</u>	<u>Pension value</u>	<u>All other compensation</u>	<u>Total ⁽²⁾</u>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jill T. Angevine	30,000	Nil	10,266	Nil	Nil	Nil	40,266
Robert J. Herdman	30,000	Nil	10,266	Nil	Nil	Nil	40,266
Robert J. Iverach	30,000	Nil	10,266	Nil	Nil	Nil	40,266
P. Grant Wierzba	30,000	Nil	-	Nil	Nil	Nil	30,000

Notes:

- (1) No Restricted Awards or Performance Awards were granted to our directors pursuant to the Award Plan during the year ended December 31, 2019.
- (2) In addition, our directors were eligible to be reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors.
- (3) Compensation information for Walter J. Vratovic, a director of our company, who is a Named Executive Officer in fiscal 2019 is contained in "Statement of Executive Compensation".

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth the aggregate option-based awards and share-based awards outstanding for each of our directors as at December 31, 2019.

<u>Name</u>	<u>Option-based Awards</u>				<u>Share-based Awards</u>		
	<u>Number of securities underlying unexercised options</u>	<u>Option exercise price</u>	<u>Option expiration date</u>	<u>Value of unexercised in-the-money options ⁽¹⁾</u>	<u>Number of shares or units of shares that have not vested</u>	<u>Market or payout value of share-based awards that have not vested</u>	<u>Market or payout value of vested share-based awards not paid out or distributed</u>
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Jill T. Angevine	155,000	0.14	January 7, 2024	Nil	Nil	N/A	Nil
	192,000	0.20	January 25, 2023	Nil			
	150,000	0.38	April 2, 2022	Nil			
	36,800	1.08	June 9, 2020	Nil			
Robert J. Herdman	155,000	0.14	January 7, 2024	Nil	Nil	N/A	Nil
	192,000	0.20	January 25, 2023	Nil			
	150,000	0.38	April 2, 2022	Nil			
	36,800	1.08	June 9, 2020	Nil			
Robert J. Iverach	155,000	0.14	January 7, 2024	Nil	Nil	N/A	Nil
	192,000	0.20	January 25, 2023	Nil			
	150,000	0.38	April 2, 2022	Nil			
	36,800	1.08	June 9, 2020	Nil			
P. Grant Wierzba	155,000	0.14	January 7, 2024	Nil	Nil	N/A	Nil
	192,000	0.20	January 25, 2023	Nil			
	150,000	0.38	April 2, 2022	Nil			
	36,800	1.08	June 9, 2020	Nil			

Note:

- (1) Calculated based on the closing price of the common shares on the TSX on December 31, 2019, which was \$0.06 per share, less the exercise price of the options.

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

The following table sets forth the value of option-based awards and share-based awards which vested for each of our directors during the year ended December 31, 2019 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2019.

Name	Option-based awards – Value vested during the year (as at vesting date) ⁽¹⁾	Share-based awards – Value vested during the year ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Jill T. Angevine	Nil	Nil	Nil
Robert J. Herdman	Nil	Nil	Nil
Robert J. Iverach	Nil	Nil	Nil
P. Grant Wierzba	Nil	Nil	Nil

Notes:

- (1) Calculated based on the difference between the closing price of the common shares on the TSX on the vesting date and the exercise price of the options on the vesting date.
- (2) Reflects the award value on the vesting date (which is equivalent to the payment date) calculated based on the weighted average trading price of the common shares on the TSX for the five trading days preceding such date.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for our company is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of our current corporate governance practices, relative to the Form 58-101F1 Disclosure (which is set out below in bold).

1. **Board of Directors**

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

Our Board has determined that our following three (3) directors are independent (for the purposes of NI 58-101):

Jill T. Angevine
Robert J. Herdman
Robert J. Iverach

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

Walter J. Vrataric, is not independent as Mr. Vrataric is our President and Chief Executive Officer.

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

Our Board has determined that a majority (three of the four) of our directors are independent.

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

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

<u>Name of Director</u>	<u>Name of Other Issuer</u>
Jill T. Angevine	Advantage Oil & Gas Ltd. Tourmaline Oil Corp.
Robert J. Herdman	Black Diamond Group Limited Blackline Safety Corp. Rocky Mountain Dealerships Inc.

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

Our independent directors regularly meet for a portion of each Board meeting without non-independent directors and management participation, and have met in camera six times since the beginning of the fiscal year ended December 31, 2019.

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

Jill T. Angevine, the Chairman of our Board, is an independent director. Our Board has developed a position description for the Chairman which provides that the Chairman of our Board will have the following duties and responsibilities.

- (i) The Chairman shall, when present, preside at all meetings of our Board and, unless otherwise determined by our directors, at all meetings of shareholders.
- (ii) The Chairman shall endeavour to provide overall leadership to our Board without limiting the principle of collective responsibility and the ability of our Board to function as a unit.
- (iii) The Chairman shall be responsible to ensure that board meetings function satisfactorily and that the tasks of our Board are handled in the most reasonable fashion under the circumstances. In this connection, it is recommended that the Chairman attempt to ensure that the individual director's particular knowledge and competence are used as best is possible in our Board work for the benefit of our company. The Chairman shall endeavour to encourage full participation and discussion by individual directors, stimulate debate, facilitate consensus and ensure that clarity regarding decisions is reached and duly recorded.
- (iv) The Chairman shall endeavour to ensure that our Board's discussions take place when as many of our directors as possible are present and that all essential decisions are made when as many of our directors as possible are present.
- (v) The Chairman shall endeavour to establish a line of communication with our senior management to ensure that board meetings can be scheduled to deal with important business that arises outside of the regular quarterly meetings.
- (vi) The Chairman shall endeavour to fulfill her board leadership responsibilities in a manner that will ensure that our Board is able to function independently of management. The

Chairman shall consider, and allow for, when appropriate, a meeting of all independent directors, so that board meetings can take place without management being present. The Chairman shall endeavour to ensure reasonable procedures are in place to allow for directors to engage outside advisors at the expense of our company in appropriate circumstances.

- (vii) The Chairman shall act as a liaison representing shareholders and our Board to management and representing management to our Board and shareholders.
- (viii) With respect to meetings of directors or shareholders, it is the duty of the Chairman to enforce the by-laws and rules of procedure. These duties include:
 - (A) ensuring that the meeting is duly constituted;
 - (B) ensure the meeting provides for reasonable accommodation;
 - (C) confirming the admissibility of all persons at the meeting;
 - (D) preserving order and the control of the meeting;
 - (E) in respect of shareholders' meetings, appointing scrutineers if requested and instructing them in their duties;
 - (F) rule on the validity of proxies; and
 - (G) to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting.
- (ix) The Chairman shall also liaise with our Corporate Secretary to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for all board and shareholder meetings.
- (g) **Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of our directors for board meetings and committee meetings held since January 1, 2019, is as follows:

<u>Name of Director</u>	<u>Attendance Record</u>
Jill T. Angevine	7/7 Board Meetings
	5/5 Audit Committee Meetings
	1/1 Compensation, Nominating and Corporate Governance Committee Meeting
	1/1 Reserves, Safety and Environmental Committee Meeting ⁽¹⁾
Robert J. Herdman	7/7 Board Meetings
	5/5 Audit Committee Meetings
Robert J. Iverach	6/6 Board Meetings
	5/5 Audit Committee Meetings
	2/2 Reserves, Safety and Environmental Committee Meetings

Name of Director	Attendance Record
	1/1 Compensation, Nominating and Corporate Governance Committee Meeting
Walter J. Vrataric ⁽²⁾	7/7 Board Meetings 2/2 Reserves, Safety and Environmental Committee Meetings

Note:

- (1) Ms. Angevine was appointed to our Reserves, Safety and Environmental Committee on August 8, 2019.
(2) Mr. Vrataric has also attended numerous other committee meetings, in full or in part, in his capacity as President and Chief Executive Officer of our company.

2. Board Mandate

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

The mandate of our Board is attached as Schedule "A" hereto.

3. Position Descriptions

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

Our Board has developed written position descriptions for the Chairman of our Board as well as the Chairman of each of our Board committees, being our Audit Committee, our Compensation, Nominating and Corporate Governance Committee and our Reserves, Safety and Environmental Committee.

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

Our Board, with input from our President and Chief Executive Officer, has developed a written position description for our President and Chief Executive Officer.

4. Orientation and Continuing Education

- (a) **Briefly describe what measures the board takes to orient new directors regarding:**

- (i) **the role of the board, its committees and its directors; and**
(ii) **the nature and operation of the issuer's business.**

Upon joining our Board, management will provide a new director with access to all of our background documents, including all corporate records, by-laws, corporate policies, organization structure, prior board and committee minutes, copies of the mandate of each of our Board and our committees, and relevant position descriptions. In addition, management will make a presentation to new directors regarding the nature and operations of our business.

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

No formal continuing education program currently exists for our directors; however, we encourage our directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and have agreed to pay the cost of such courses and seminars. Each of our directors has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director. Individual directors are encouraged to identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

5. Ethical Business Conduct

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

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

Our Board has adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available for review on our SEDAR profile at www.sedar.com or on our website at www.chinookenergyinc.com.

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

Our Board monitors compliance with the Code of Business Conduct and Ethics by requiring each of our senior officers to affirm in writing on an annual basis their agreement to abide by the Code of Business Conduct and Ethics, as to their ethical conduct and in respect of any conflicts of interest. To the extent that our management is unable to make a determination as to whether a breach of the Code has taken place, our Board will review any alleged breach of the Code to determine whether a breach has occurred. Any waiver of the Code for executive officers or directors will be made only by our Board or a committee of our Board. In addition, our Compensation, Nominating and Corporate Governance Committee has as part of its mandate the responsibility for reviewing management's monitoring of compliance with the Code of Business Conduct and Ethics.

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

There have been no material change reports filed since the beginning of the year ended December 31, 2019, that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct and Ethics.

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

In accordance with the ABCA, directors who are a party to or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not

to vote on any resolution to approve the contract or transaction. The Code of Business Conduct and Ethics provides that activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by our Board; provided that the foregoing shall not apply to our directors who act as directors of other public or private companies who shall comply with the provisions of the ABCA in respect thereof and shall advise the Chairman of our Board of the holding of such directorships. The Code of Business Conduct and Ethics provides that any potential conflicts of interest must be reported immediately to senior management, our Board or the Chairman of our Board, as appropriate.

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

Our Audit Committee has adopted a "Whistleblower Program" which provides our employees, management, officers, directors, contractors, consultants and our committee members with the ability to report, on a confidential and anonymous basis, any complaints and concerns regarding accounting, internal auditing controls or auditing matters, including, but not limited to, unethical and unlawful accounting and auditing policies, practices or procedures, fraudulent or misleading financial information and instances of corporate fraud. Our Board believes that providing a forum for such individuals to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within our company.

6. Nomination of Directors

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

Our Board has delegated responsibility to our Compensation, Nominating and Corporate Governance Committee to recommend to our Board suitable candidates as nominees for election or appointment as directors. The committee usually canvasses all members of our Board for their input prior to making a recommendation to our Board. In identifying new candidates for Board nomination, our committee considers, among other things:

- (i) the competencies and skills that our Board considers to be necessary for our Board, as a whole, to possess;
- (ii) the competencies and skills that our Board considers each existing director to possess;
- (iii) the competencies and skills each new nominee will bring to the boardroom; and
- (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of our Board.

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

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are Robert J. Iverach (Chairman), Jill T. Angevine and Robert J. Herdman, each of whom has been determined to be independent.

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

Our Compensation, Nominating and Corporate Governance Committee has, as part of its mandate, the responsibility for recommending suitable candidates as nominees for election or appointment as

directors, and recommending the criteria governing the overall composition of our Board and governing the desirable individual characteristics for directors.

Pursuant to the mandate of our Committee, the committee is to be comprised of at least three (3) of our directors and all of such members shall be independent. Our Board is from time to time to designate one of the members of the committee to be the Chair of the committee. At present, the Chairman of our Committee is Robert J. Iverach.

Our Committee meets at least one time per year and at such other times as the Chairman of the committee determines.

7. Compensation

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

See the disclosure under the heading "Director Compensation" for the process by which the compensation for our directors is determined. See the disclosure under the heading "Compensation Discussion and Analysis" for the process by which the compensation for our officers is determined.

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

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are Robert J. Iverach (Chairman), Jill T. Angevine and Robert J. Herdman, each of whom has been determined to be independent.

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

See the disclosure under the heading "Compensation Governance – Mandate and Terms of Reference of our Compensation, Nominating and Corporate Governance Committee" for a description of the responsibilities, powers and operation of our Committee.

- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the year ended December 31, 2019, been retained to assist in determining compensation for any of our directors and officers.

8. Other Board Committees

- (a) **If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

Our Board has created a Reserves, Safety and Environmental Committee in addition to our Audit Committee and our Compensation, Nominating and Corporate Governance Committee. The members of our Reserves, Safety and Environmental Committee are Jill T. Angevine (Chairman),

Robert J. Iverach and Walter J. Vratarić. Our Reserves, Safety and Environmental Committee is responsible for:

- (i) reviewing our procedures relating to the disclosure of information with respect to oil and gas activities including reviewing our procedures for complying with our disclosure requirements and restrictions set forth under applicable securities requirements;
- (i) reviewing our procedures for providing information to the independent evaluator;
- (ii) meeting, as considered necessary, with management and the 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 National Instrument 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (iii) reviewing the appointment of the 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;
- (iv) providing a recommendation to our 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 engineer and of management in connection therewith;
- (v) reviewing our procedures for reporting other information associated with oil and gas producing activities;
- (vi) generally reviewing all matters relating to the preparation and public disclosure of estimates of our reserves;
- (vii) reviewing our fundamental policies pertaining to environment, health and safety and ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value;
- (viii) reviewing our performance with all applicable laws and regulations with respect to environment and health and safety;
- (ix) reviewing the findings of any significant report by regulatory agencies, external environment, health and safety consultants or auditors concerning our performance in environment, health and safety and reviewing any necessary corrective measures taken to address issues and risks identified by us, external auditors or by regulatory agencies;
- (x) reviewing any emerging trends, issues and regulations related to environment, health and safety that are relevant to us; and
- (xi) reviewing our procedures for assembling and reporting other information associated with oil and gas activities and review that information with management.

Pursuant to the mandate of our Reserves, Safety and Environmental Committee, the committee is to be comprised of at least three (3) of our directors and a majority of such members shall be independent as defined in the mandate. Our Board is from time to time to designate one of the members of the committee to be the Chair of the committee. At present, the Chairman of our Reserves, Safety and Environmental Committee is Jill T. Angevine. Our Reserves, Safety and

Environmental Committee meets at least one time per year and at such other times as the Chairman of the committee determines.

Our Board has created a Compensation, Nominating and Corporate Governance Committee which, as part of its mandate, has the responsibility for developing our approach to matters concerning corporate governance and, from time to time, shall review and make recommendations to our Board as to such matters. Without the limiting the generality of the foregoing, our Committee has the following corporate governance duties:

- (i) to annually review the mandates of our Board and its committees and recommend to our Board such amendments to those mandates as the committee believes are necessary or desirable;
- (ii) to consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time;
- (iii) to prepare and recommend to our Board annually a statement of corporate governance practices to be included in our annual report or information circular as required by all of the stock exchanges on which our shares are listed and any other regulatory authority;
- (iv) to make recommendations to our Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;
- (v) to review on a periodic basis the composition of our Board and ensure that an appropriate number of independent directors sit on our Board, analyzing the needs of our Board and recommending nominees who meet such needs;
- (vi) to assess, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board;
- (vii) as required, to develop, for approval by our Board, an orientation and education program for new recruits to our Board;
- (viii) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of our Board or individual members of our Board;
- (ix) to develop and recommend to our Board for approval and periodically review structures and procedures designed to ensure that our Board can function effectively and independently of management;
- (x) to make recommendations to our Board regarding appointments of corporate officers and senior management;
- (xi) to review annually the committee's mandate and terms of reference;
- (xii) to review and consider the engagement, at our expense, of professional and other advisors by any individual director when so requested by any such director;

- (xiii) to establish, review and update periodically a code of business conduct and ethics and ensure that management has established a system to monitor compliance with the code; and
- (xiv) to review management's monitoring of our compliance with the code of business conduct and ethics.

9. Assessments

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

As part of its mandate, our Compensation, Nominating and Corporate Governance Committee is responsible for assessing, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board. Our Corporate Secretary, on behalf of the Chairman of our Committee circulates a detailed questionnaire addressed to each director, in his or her capacity as director and, as the case may be, as a member of one or more of the committees of our Board, aimed at obtaining their views on the effectiveness of our Board and its committees and contribution of its members. The results of the questionnaires are compiled by the Chairman of our Committee, who then shares the results with the members of our Board at a meeting of our Board where any and all issues are discussed. Our Board takes appropriate action based upon the results of the review process. As a result of the assessments conducted, our Committee came to the view that our Board and each of its committees is operating effectively.

In proposing the nominees for election as directors at the Meeting, our Board determined that the proposed slate of nominees as a whole has the necessary skills and experience for a company of our size operating in the oil and natural gas industry.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Based on the recommendations of our Compensation, Nominating and Corporate Governance Committee, our Board has adopted a Board Diversity and Renewal Policy which includes mechanisms for ensuring Board renewal. A copy of our Board Diversity and Renewal Policy is available on our website at www.chinookenergyinc.com. As part of our Board's renewal process under the Board Diversity and Renewal Policy and pursuant to the mandate of our Committee, our Committee annually reviews the skills and experience of the current directors of our company to assess whether our Board's skills and experience need to be strengthened in any area. Below are the skills and experience that our Board has determined are important to our continuing success. In conducting its annual review our Committee evaluates the skills and experience of our individual Board members and our Board as a whole.

As noted above, in proposing the nominees for election as directors at the Meeting, our Board determined that the proposed slate of nominees as a whole possesses appropriate skills and experience in all of these key areas.

Board Skills and Experience

Skill / Experience	Description
<i>Executive Leadership</i>	Experience as a President, Chief Executive Officer or equivalent leading an organization or major business line.
<i>Enterprise Risk Assessment</i>	Board or executive experience in evaluating and managing risks in the oil and natural gas business.
<i>Value Creation</i>	Board or executive experience in evaluating, and executing on, value creation opportunities through exploitation, development, exploration, acquisitions, divestiture, mergers or developmental opportunities.
<i>Health, Safety and Environment</i>	Board or management experience with environmental compliance and workplace health and safety in the oil and gas industry.
<i>Operations</i>	Management experience with oil and natural gas operations.
<i>Reserves and Resource Evaluation</i>	Board experience with, or management responsibility for, oil and natural gas reserve and resource evaluation and reporting.
<i>Compensation and Human Resources</i>	Management experience in human resources and executive compensation.
<i>Accounting and Finance</i>	Financial literacy in reading financial statements, financial accounting and operational accounting experience as well as corporate finance knowledge and experience usually from senior accounting and financial management, audit firm background or banking experience.
<i>Legal, Regulatory and Governmental</i>	Broad understanding of corporate, securities, land tenure and oil and natural gas law, regulatory regimes in western Canada and governmental royalty, incentive and taxation policies usually through management experience or a legal background.
<i>Corporate Governance</i>	Broad understanding of good corporate governance usually through experience as a board member or as a senior executive officer of a public organization.
<i>Community Involvement</i>	Active level of community involvement.

In addition to considering the skills and experience of our Board, our Committee also assesses the knowledge and character of all members of our Board and other factors such as the independence of our directors to ensure that our Board is operating effectively and independently of management.

Our Board prefers its continual assessment of the effectiveness of our Board as the proper mechanism to ensure renewal as necessary as opposed to fixed term limits. While term limits ensure fresh viewpoints on a board of directors, they may cause a company to lose the valuable contributions of those directors who best understand the business of the company and the challenges it faces. Our Committee considers both the term of service of individual directors, the average term of our Board as a whole and turnover of directors over the prior three years when proposing a slate of nominees. Our Committee considers the benefits of regular renewal in the context of the needs of our Board at the time and the benefits of the institutional knowledge of our Board members. Our Board has demonstrated the effectiveness of its approach to Board renewal as three new directors have been appointed since November 2014.

11. Policies Regarding the Representation of Women on the Board

- (a) **Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.**

The Board Diversity and Renewal Policy as adopted by our Board addresses the identification and nomination of women as directors of our company. The main principle of the Board Diversity and Renewal Policy as adopted by our Board is that Board nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of our Board at the time. Our Board is committed to a meritocracy and believes that considering a diverse group of individuals who have the skills, knowledge, experience and character required to provide leadership needed to achieve our business objectives, without reference to their age, gender, race, ethnicity or religion, is in the best interests of our company and all of our stakeholders. Our Board recognizes the benefits of diversity within our Board and ensures diversity is a consideration in candidate identification. Our Board ensures the consideration of women who have the necessary skills, knowledge, experience and character for nomination to our Board by requiring that the list of potential candidates for nomination/appointment to our Board must include at least one female candidate. However, our Board will not compromise the principles of a meritocracy by imposing quotas or targets on the final candidate selection.

- (b) **If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:**

- (i) **a short summary of its objectives and key provisions,**

See the response to 11(a) above.

- (ii) **the measures taken to ensure that the policy has been effectively implemented,**

To ensure the effectiveness of the Board Diversity and Renewal Policy, our Board ensures the consideration of women who have the necessary skills, knowledge, experience and character for nomination to our Board by requiring that the list of potential candidates for nomination/appointment to our Board must include at least one female candidate. In addition, our Committee will ensure diversity within the shortlist of candidates under consideration when our Board is looking to add additional members or replace existing members to ensure that women candidates are being fairly considered relative to other candidates. Our Committee will also review the number of women actually appointed and serving on our Board to evaluate whether it is desirable to adopt additional requirements or policies with respect to the diversity of our Board.

- (iii) **annual and cumulative progress by the issuer in achieving the objectives of the policy, and**

The effectiveness of our Board's approach to gender diversity is evidenced by the fact that one of the three new directors appointed to our Board since November 2014 is a woman.

- (iv) **whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.**

See the responses to 10 and 11(b)(ii) above.

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

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

See the responses to 10 and 11 above.

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

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

To date, our company has not considered the level of representation of women in executive officer positions of our company when making executive officer appointments. In the last four years, we have only appointed two executive officers, both of whom were appointed in 2014.

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

(a) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

Our Board has not imposed targets regarding the representation of women on our Board. Our Board believes that imposing targets regarding the representation of women on our Board would compromise the principles of meritocracy.

(b) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

Our Board has not imposed targets regarding the representation of women in executive officer positions of our company. Our Board believes that imposing targets regarding the representation of women in executive officer positions of our company would compromise the principles of meritocracy.

(c) If the issuer has adopted a target referred to in either (b) or (c), disclose:

(i) the target, and

(ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

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

(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

One director on our Board is a woman representing 25% of the directors on our Board.

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

None of our company's executive officers are women.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To our knowledge, there are no legal proceedings material to our company to which we are or were a party to or of which any of our properties are or was the subject of, during the financial year ended December 31, 2019 nor are there any such proceedings known to us to be contemplated.

During the year ended December 31, 2019, there were no (i) penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision, or (iii) settlement agreements we entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, including under "*The Arrangement – Interests of Directors and Executive Officers in the Arrangement*" and as described below, no informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of our company, or any associate or affiliate of any informed person, has had any material interest, direct or indirect, in any transaction, or proposed transaction (including the Arrangement), which has materially affected or would materially affect us or any of our subsidiaries since the commencement of the most recently completed financial year of our company.

Pursuant to a management and administration services agreement between 1542991 Alberta Ltd. (a wholly-owned subsidiary of our company and the general partner of WOGH, a limited partnership owned by nominees of AIMCo which holds the working interests in certain of our company's assets) and our company dated June 29, 2010, 1542991 Alberta Ltd. engaged our company to manage, administer and maintain the properties and the books, accounts and records of WOGH. During the year ended December 31, 2019, the calculated reimbursement due to our company pursuant to the management and administration services agreement was approximately \$0.5 million. AIMCo, as investment manager to HMQ, maintains control and direction over approximately 36% of the outstanding common shares as at the date hereof for the benefit of pension, endowment and government funds clients in the Province of Alberta. See "*Voting Shares and Principal Holders Thereof*".

Fred Davidson, our Corporate Secretary, is a partner of Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services provided to our company

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of our company or any of our subsidiaries, or any associate of any such director, officer or employee is, or has been at any time since the beginning of our most recently completed financial year, indebted to our company or any of our subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of our most recently completed financial year has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by our company or any of our subsidiaries.

RISK FACTORS

If the Arrangement is not completed, we will continue to face the risks that we currently face with respect to our affairs, business and operations and future prospects. Such risk factors are set forth and described in the Chinook AIF, which is available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to our company is available in documents filed on SEDAR at www.sedar.com, including the Chinook AIF. Financial information in respect of our company and our affairs is provided in our annual audited comparative financial statements for the year ended December 31, 2019 and the related management's discussion and analysis. Copies of our financial statements and related management discussion and analysis are available on SEDAR at www.sedar.com and will be sent by us to any Chinook Shareholder upon request and without charge by calling 403-261-68832.

SCHEDULE "A"

CHINOOK ENERGY INC.

MANDATE OF THE BOARD OF DIRECTORS

GENERAL

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

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

SPECIFIC

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Ensure that a process is established as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to the Corporation and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established policies pertaining to environment, health and safety and ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value.

- Establish or cause to be established an adequate system of internal controls.
- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding the Corporation's financial and other disclosure.
- Review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.
- Approve annual operating and capital budgets.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

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

Board Process/Effectiveness

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings and review Board materials prior to meetings.
- Engage in the process of determining Board member qualifications with the Compensation, Nominating and Corporate Governance Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director and provide continuing education as required.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- Develop a clear position description for the Chairman and the Lead Director of the Board.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.

- Establish committees, approve their respective mandates and the limits of authority delegated to each committee and develop clear position descriptions for the Chair of each committee.
- Review and re-assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

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

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

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

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

DELEGATION

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