

CANACOL ENERGY LTD.

NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

**The Annual General and Special Meeting of Shareholders
of Canacol Energy Ltd. will be held:**

**June 28, 2021, 10:00 a.m. (EST)
Hotel NH Collection Teleport
Salón Ciprés
Calle 113 No. 7-65
Bogotá, Colombia**

Dated: May 12, 2021



CANACOL ENERGY LTD.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 28, 2021

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the “**Meeting**”) of holders of common shares of Canacol Energy Ltd. (the “**Corporation**”) will be held at the Hotel NH Collection Teleport, Salón Ciprés, Calle 113 No. 7-65, Bogotá, Colombia, at 10:00 a.m. (EST), on June 28, 2021 for the following purposes:

1. **TO RECEIVE** and consider the financial statements of the Corporation for the financial year ended December 31, 2020 and the report of the auditor thereon;
2. **TO FIX** the number of directors of the Corporation to be elected at the Meeting at eight;
3. **TO ELECT** the Board of Directors of the Corporation for the ensuing year;
4. **TO APPOINT** the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor’s remuneration;
5. **TO APPROVE** the adoption of the Corporation’s omnibus long-term incentive plan; and
6. **TO TRANSACT** such other business as may be properly brought before the meeting or any adjournment thereof.

The management information circular (the “**Circular**”) accompanying this Notice provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Note of Caution Concerning the COVID-19 Outbreak

Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by local governments and taking into account the health and safety of our employees, shareholders, service providers and other stakeholders, **the Corporation strongly encourages shareholders not to attend the Meeting in person. The Corporation strongly encourages shareholders to vote by proxy, by mail, by telephone or on the internet, rather than attending the Meeting in person.** To this end, only registered shareholders and proxyholders will be permitted to attend the Meeting in person. Further restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. These measures may include requiring registered shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Colombia for a period of two weeks preceding the Meeting date. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions. **THE CORPORATION MAY LIMIT ATTENDEES AS REQUIRED BY MASS GATHERING RESTRICTIONS AT THE TIME OF THE MEETING.** In addition, any attendees will be required to practice social distancing at the Meeting.

In order to permit shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- Dial In Toll Free: 1-844-784-1724
- Canada Toll Free: 1-866-450-4696
- Colombia Toll Free: 01800-9-156803
- International Dial In: 1-412-317-6716
- UK Toll Free: 08082389064

Please ask the operator to be joined into the Canacol Energy Ltd. conference call. **Shareholders will not be able to vote through the conference call.**

As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation's profile on SEDAR at www.sedar.com.

WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting (the "**Record Date**") is at the close of business on May 12, 2021. Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting.

While registered shareholders are entitled to attend the Meeting in person, we strongly recommend that all shareholders vote by proxy and accordingly ask that registered shareholders complete, date, sign and return the enclosed form of proxy for use at the Meeting or any adjournment thereof. A proxy will not be valid unless it is deposited with the Corporation's transfer agent, Olympia Trust Company, (a) by email at proxy@olympiatrust.com, (b) by web voting at <https://css.olympiatrust.com/pxlogin>, or (c) by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (EST) on June 24, 2021 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting.

Beneficial shareholders must seek instructions on how to complete their proxy and vote their shares from their broker, trustee, financial institution or other nominee, as applicable. Beneficial shareholders who purchased their shares through the Bolsa de Valores de Colombia (or the Colombian Stock Exchange) ("**BVC Shareholders**") must seek instructions on how to complete their applicable proxy form and vote their shares from Depósito Centralizado de Valores de Colombia S.A. ("**Deceval**"). All shareholders should advise the Corporation of any change in their mailing address.

If you have any questions relating to the proxy voting, please contact Olympia Trust Company by telephone at 1-866-668-8379. BVC Shareholders should contact Deceval should they have any questions or concerns regarding their applicable proxy voting procedures.

DATED this 12th day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

"Charle Gamba"

Charle Gamba
President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of CANACOL ENERGY LTD. (the “**Corporation**” or “**Canacol**”) for use at the annual general and special meeting (the “**Meeting**”) of the holders of common shares of the Corporation (“**Common Shares**”) to be held on the 28th day of June, 2021 at 10:00 a.m. (EST) at the Hotel NH Collection Teleport, Salón Ciprés, Calle 113 No. 7-65, Bogotá, Colombia, and at any adjournment thereof, for the purposes set forth in the notice of annual general and special meeting (“**Notice of Meeting**”). The board of directors of the Corporation (the “**Board**”) has fixed the record date for the Meeting at the close of business on May 12, 2021 (the “**Record Date**”). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Unless otherwise stated, the information contained in this Circular is given as at May 12, 2021. Except as otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars and references to \$ are to Canadian dollars. References to US\$ are to United States dollars.

Note of Caution Concerning the COVID-19 Outbreak

Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by local governments and taking into account the health and safety of our employees, shareholders, service providers and other stakeholders, **the Corporation strongly encourages shareholders not to attend the Meeting in person. The Corporation strongly encourages shareholders to vote by proxy, by mail, by telephone or on the internet, rather than attending the Meeting in person.** To this end, only registered shareholders and proxyholders will be permitted to attend the Meeting in person. Further restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. These measures may include requiring registered shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Colombia for a period of two weeks preceding the Meeting date. The Corporation reserves the right to refuse admission to a shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions. **THE CORPORATION MAY LIMIT ATTENDEES AS REQUIRED BY MASS GATHERING RESTRICTIONS AT THE TIME OF THE MEETING.** In addition, any attendees will be required to practice social distancing at the Meeting.

In order to permit shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- Dial In Toll Free: 1-844-784-1724
- Canada Toll Free: 1-866-450-4696
- Colombia Toll Free: 01800-9-156803

- International Dial In: 1-412-317-6716
- UK Toll Free: 08082389064

Please ask the operator to be joined into the Canacol Energy Ltd. conference call. **Shareholders will not be able to vote through the conference call.**

As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation's profile on SEDAR at www.sedar.com.

WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.

NON-GAAP TERMS

This Circular refers to certain financial measures that are not determined in accordance with Generally Acceptable Accounting Principles applicable to publicly traded companies in Canada ("GAAP"). Measures such as earnings before interest, tax, depreciation, amortization and exploration ("EBITDAX") are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of the Corporation's results of operations and financial position. These financial measures are considered additional GAAP or non-GAAP financial measures. Readers are cautioned that these measures should not be construed as an alternative to measures determined in accordance with GAAP as an indication of the Corporation's performance. Readers should refer to the Corporation's 2020 annual financial statements and associated management discussion and analysis filed on SEDAR at www.sedar.com for a full discussion of the Corporation's financial performance and a reconciliation of these measures to their most closely related GAAP measures.

SOLICITATION OF PROXIES

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the enclosed form of proxy ("**Instrument of Proxy**"), the Notice of Meeting and this Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor. In accordance with National Instrument 54-101 – *Communication with Beneficial Owner of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

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

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

An Instrument of Proxy will not be valid unless it is deposited with the Corporation's transfer agent, Olympia Trust Company, (a) by email at proxy@olympiatrust.com, (b) by web voting at <https://css.olympiatrust.com/pxlogin>, or (c) by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6. All instructions are listed in the Instrument of Proxy. The Instrument of Proxy or voting instructions must be received in each case no later than 10:00 a.m. (EST) on June 24, 2021 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

REVOCABILITY OF PROXY

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

EXERCISE OF DISCRETION BY PROXY

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification.

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

BENEFICIAL HOLDERS OF SHARES

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

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares and mails a machine-readable voting instruction form (a "**VIF**") in lieu of the Instrument of Proxy. The Beneficial Shareholder is requested to complete and return the VIF to Broadridge by mail or facsimile, or to otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a VIF cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered holder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the applicable form of proxy or VIF provided to them and return the document to their broker (or other intermediary or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent, well in advance of the Meeting.** See "*Note of Caution Concerning the COVID-19 Outbreak*".

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

BENEFICIAL SHAREHOLDERS IN COLOMBIA

Most shareholders in Colombia are Beneficial Shareholders and hold their Common Shares through Depósito Centralizado de Valores de Colombia S.A. ("**Deceval**"). Beneficial Shareholders who purchased their Common Shares through the Bolsa de Valores de Colombia (or the Colombian Stock Exchange) ("**BVC Shareholders**") will be provided with the Meeting materials and a form of proxy from Deceval allowing them to direct the voting of the Common Shares they beneficially own. BVC Shareholders should contact Deceval should they have any questions or concerns regarding their applicable proxy voting procedures.

NOTICE-AND-ACCESS

Canacol has elected to use the notice-and-access provisions under NI 54-101 (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to Beneficial Shareholders but not in respect of mailings to registered shareholders (i.e. a shareholder whose name appears on the records of the Corporation). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators ("**CSA**") that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular in respect of a meeting of its shareholders and related materials.

More specifically, Canacol has elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. As a result, registered shareholders will receive a paper copy of the Notice of Meeting, this Circular and the Instrument of Proxy, whereas Beneficial Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a VIF. In addition, a paper copy of the Notice of Meeting, this Circular, and a VIF will be mailed to those shareholders who do

not hold their Common Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the financial information in respect of the most recently completed financial year of Canacol was mailed to those registered shareholders and Beneficial Shareholders who previously requested to receive information.

Canacol will be delivering proxy-related materials to non-objecting Beneficial Shareholders directly with the assistance of Broadridge. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting Beneficial Shareholders.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Report and Financial Statements

The Board has approved all of the information in the audited financial statements of the Corporation for the financial year ended December 31, 2020 and the report of the auditor thereon, copies of which are delivered herewith and are also available on www.sedar.com under the Corporation's SEDAR profile. No vote by the shareholders is required to be taken on the financial statements.

2. Election of Directors

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

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

Charle Gamba	Gregory D. Elliott
Michael Hibberd	Gonzalo Fernández-Tinoco
Juan Argento	Ariel Merenstein
Francisco Diaz	David Winter

Information Regarding the Proposed Directors

The following table set out information regarding each of the director nominees, including a brief summary of their experience and qualifications, provinces or states and countries of residence, age, the number of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, the number of stock options of the Corporation ("**Options**") held, the number of restricted share units ("**RSUs**") held, the period served as director and the principal occupation, business or employment of each as well as the committees of the Board on which they serve. The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the nominees as of May 12, 2021.

The Board has determined that all of the director nominees with the exception of Charle Gamba and Juan Argento are independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

CHARLE GAMBA
President and Chief Executive Officer

Bogotá, Colombia

Director since: October 30, 2008

Age: 56

Key Experience and Expertise:

Strategic Planning
Industry knowledge
Capital markets/investor relations
Financial
Risk management
Government relations
Corporate governance
Leadership/CEO
International operations
Oil and gas exploration

Mr. Gamba founded Canacol in 2008. Mr. Gamba has held a variety of technical and management roles with major and mid-sized international oil companies, with the majority of his professional career focused on exploration and production in South America. Prior to founding Canacol, Mr. Gamba was Vice President of Exploration for Occidental Oil & Gas Company based in Bogotá, Colombia. In his eight years with Occidental, he lived and worked in Ecuador, Qatar, Colombia, and the United States, working in a variety of technical and management roles. Mr. Gamba has also worked for Alberta Energy Company in Argentina and Ecuador, and for Canadian Occidental in Australia, Canada, and Indonesia. Mr. Gamba started his career as a geologist with Imperial Oil in Calgary, and holds an MSc and PhD in Geology.

2020 Board and Committee Membership ⁽¹⁾		2020 Attendance
Board of Directors		13/13 – 100%
Reserves Committee		2/2 – 100%
ESG Committee ⁽²⁾		N/A ⁽²⁾
Number of Common Shares Owned, Directed or Controlled		Number of Options Held
837,138		675,000
Number of RSUs Held		Other Public Boards
160,000		Horizon Petroleum Ltd. Pieridae Energy Limited

MICHAEL HIBBERD
Chairman

Calgary, Alberta, Canada

Director since: October 30, 2008

Age: 65

Key Experience and Expertise:

Financial
Industry knowledge
Compensation
Capital markets/investor relations
Risk management
Corporate governance
Leadership/CEO
International operations/marketing
Mergers and acquisitions

For over 20 years, Mr. Hibberd has been Chairman and CEO of MJH Services Inc., a corporate finance advisory firm. Through MJH, Mr. Hibberd has been involved in numerous privatization and development projects in North America, Africa, the Middle East, Latin America and Asia. Mr. Hibberd spent over 12 years in Corporate Finance at ScotiaMcLeod and was a Senior Vice President and Director. He is currently Vice Chairman of Sunshine Oilsands Ltd. and Chairman of PetroFrontier Corp. and serves as a board member of Pan Orient Energy Corp. Formerly, he was Chairman of Heritage Oil Plc, Heritage Oil Corporation and Greenfields Petroleum Corporation; and former director of Montana Exploration Corp., Avalite Inc., Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Rally Energy Corp., Sagres Energy, Skope Energy Inc. and Zapata Energy Corporation.

2020 Board and Committee Membership ⁽¹⁾		2020 Attendance
Board of Directors		13/13 – 100%
Audit Committee (Chair)		4/4 – 100%
Corporate Governance and Nominating Committee		4/4 – 100%
Compensation Committee		2/2 – 100%
ESG Committee ⁽²⁾		N/A ⁽²⁾
Number of Common Shares Owned, Directed or Controlled		Number of Options Held
243,080		139,600
Number of RSUs Held		Other Public Boards
36,000		Pan Orient Energy Corp. PetroFrontier Corp. Sunshine Oilsands Ltd.

JUAN ARGENTO⁽⁴⁾
Director

Caracas, Venezuela

Director since: February 11, 2021

Age: 49

Key Experience and Expertise:

Strategic analysis

Financial

Mergers and acquisitions

Capital markets

Industry knowledge

International operations

Corporate governance

Mr. Argento is currently one of two Managing Directors at Horizon Capital. Horizon Capital was founded in 2004 as an advisory and principal investment firm focused on the Latin American energy industry. Prior to joining Horizon, Mr. Argento was an advisor to Millennium Global, a London-based hedge fund group. Mr. Argento advised Millennium Global with regards to investments in public and private markets. He was particularly active in oil and gas, mining and agriculture. Prior to Millennium Global, Mr. Argento worked for Rubikon Partners, a mid-market private equity firm, focused on the European market. In 2000, Mr. Argento was the sole founder of Circulo Asegurador, one of the first online insurance brokers in South America, with operations in Brazil and Argentina. Prior to that, in 1997, Mr. Argento was an early recruit of Texas Pacific Group and worked for their Newbridge Latin America fund. He started his professional career in New York, working for Salomon Brothers. Mr. Argento graduated with honors in Economics from Harvard University.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
N/A ⁽³⁾	N/A ⁽³⁾
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
573,525	200,000
Number of RSUs Held	Other Public Boards
26,000	None

FRANCISCO DIAZ
Independent Director

Bogotá, Colombia

Director since: January 16, 2015

Age: 59

Key Experience and Expertise:

Financial

Industry knowledge

Capital markets/investor relations

Risk management

Government relations

Corporate governance

International operations

Mr. Diaz is currently the Managing Partner at Evolvere Capital, a Private Equity firm that manages various portfolio companies in Colombia and Latin America and Spain, and he is also the Chairman of the Board and head of the Audit Committee of Systemgroup, a financial services company which operates in seven Latin American countries and manages a loan portfolio of over US\$12 billion. Mr. Diaz was previously the President and CEO of Organización Corona (2004 to 2011), one of the largest private groups in Colombia. Prior to his association with Corona, he was with Monsanto Company in St. Louis, MO (1991 to 2003) where he held various executive positions among them President of the Global Food Ingredients Division, Corporate Vice President of Global Strategy in Chicago, IL and Vice President and General Manager for Latin America in Buenos Aires, Argentina. Mr. Diaz received a Bachelor of Science degree in Chemical Engineering from Northeastern University in Boston, MA and has a Master of Science in Business Management from Arthur D. Little School of Management in Cambridge, MA. He is also a graduate of the Advanced Executive Management Program from J. L. Kellogg Graduate School of Management of Northwestern University.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
Board of Directors	12/13 – 92%
Audit Committee	4/4 – 100%
Corporate Governance and Nominating Committee	4/4 – 100%
ESG Committee (Co-Chair) ⁽²⁾	N/A ⁽²⁾
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
Nil	72,800
Number of RSUs Held	Other Public Boards
26,000	None

GREGORY D. ELLIOTT
Independent Director

Oakdale, Louisiana, United States

Director since: December 21, 2012

Age: 62

Key Experience and Expertise:

Engineering/operational

Industry knowledge

Human resources/compensation

Risk management

Corporate governance

Leadership

International operations

Mr. Elliott is currently the President and Founder of Workstrings International, a Superior Energy Services, Inc. company. Mr. Elliott started his career in 1981 at Chevron serving in various engineering positions both Domestic US and International through 1996. He served as a well test engineer, frequently traveling to Africa, Europe and Southeast Asia before joining Chevron's International Drilling team in 1989 where he planned and drilled wells in Africa, Europe, Southeast Asia, Kazakhstan and South America. Mr. Elliott continues to manage and grow Workstrings International, currently the largest oilfield rental tool company in the world. Mr. Elliott was a Charter member of Geoproduction Oil & Gas Company, founded in 2001. Mr. Elliott earned his degree in Petroleum Engineering in 1981 from Louisiana State University.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
Board of Directors	13/13 – 100%
Reserves Committee	2/2 – 100%
Corporate Governance and Nominating Committee	4/4 – 100%
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
1,381,724	72,800
Number of RSUs Held	Other Public Boards
26,000	None

GONZALO FERNÁNDEZ-TINOCO⁽⁴⁾
Independent Director

Caracas, Venezuela

Director since: November 8, 2018

Age: 58

Key Experience and Expertise:

Industry knowledge

Financial

Technology knowledge

Risk management

Corporate governance

Leadership

International operations

Mr. Fernández-Tinoco is currently the director of Fundacion Venezuela Sin Limites, a non-profit organization; Corporation Digitel, a telecom company; Produvisa, a glass bottle manufacturer; Maritime Contractors de Venezuela, an oil drilling company; DP Delta Servicios, oil services company; Petrodelta, a joint venture; Delta Finance; and Escuela Campo Alegre. Previously, Mr. Fernández-Tinoco served as General Manager of Microsoft Venezuela, Vice President of Telecel, a local partner for BellSouth; Farmahorro, Grupo Mistral, Televen, YPO and others. Mr. Fernández-Tinoco received a degree in law from Universidad Católica Andrés Bello, UCAB; and study management at IESA.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
Board of Directors	13/13 – 100%
Corporate Governance and Nominating Committee (Chair)	4/4 – 100%
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
125,999	Nil
Number of RSUs Held	Other Public Boards
27,000	C.A. Fábrica Nacional de Vidrio

ARIEL MERENSTEIN
Independent Director

São Paulo, Brazil

Director since: March 17, 2020

Age: 37

Key Experience and Expertise:

Financial

Industry knowledge

Capital markets/investor relations

Corporate governance

International operations

Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail Capital, LP ("Fourth Sail"). Prior to founding Fourth Sail in 2019, he spent eleven years at Prince Street Capital Management, a global Emerging and Frontier markets fund, where he was a Partner on the Research team and the Portfolio Manager of the Prince Street Latin America Long/Short fund. In addition to his PM responsibilities, Mr. Merenstein oversaw the firm's investments in Latin America, and regularly reviewed global macroeconomics for the firm. Prior to joining Prince Street, Mr. Merenstein worked at Lehman Brothers and Bear Stearns. He is a magna cum laude graduate of the New York University Stern School of Business. He holds dual citizenship in Costa Rica, where he was born, as well as the United States. Mr. Merenstein is based in São Paulo, and is fluent in Spanish, Portuguese and English.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
Board of Directors	11/11 – 100% ⁽⁵⁾
Compensation Committee	N/A ⁽⁶⁾
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
34,860,968 ⁽⁷⁾	Nil
Number of RSUs Held	Other Public Boards
26,000	None

DAVID WINTER
Independent Director

Calgary, Alberta, Canada

Director since: February 6, 2009

Age: 63

Key Experience and Expertise:

Industry knowledge

Oil and gas exploration

Government relations

Corporate governance

Leadership/CEO

International operations

Oil and gas development

Mergers and acquisitions

Human resources/compensation

Dr. Winter is the Chief Executive Officer and Director of each of Horizon Petroleum Ltd. and Miramar Hydrocarbons Ltd. He was a co-founder of Canacol in 2008. Previously, Dr. Winter was the Founder, Chief Executive Officer and Director of Excelsior Energy Limited, an oil sands focused exploration company. Dr. Winter brings 37 years of international experience in a variety of technical, management and leadership roles living and working in Latin America, Middle East, Southeast Asia and the UK North Sea. His experience was gained working at British Petroleum working in China, the UK North Sea, Indonesia and Australia, Sun Oil, Canadian Occidental (now Nexen) living and working in Yemen and Indonesia, Alberta Energy Company (now EnCana) where he was a member of the leadership team that grew its international business to over 60,000 barrels of oil equivalent per day, Calvalley Petroleum and Excelsior Energy Limited. Dr. Winter holds a Bachelor of Science degree in Geology from the University of London, a Master of Science degree in Structural Geology from Imperial College, University of London and PhD degree in Structural Geology from Edinburgh University.

2020 Board and Committee Membership ⁽¹⁾	2020 Attendance
Board of Directors	13/13 – 100%
Reserves Committee (Chair)	2/2 – 100%
Compensation Committee (Chair)	2/2 – 100%
Corporate Governance and Nominating Committee	4/4 – 100%
ESG Committee (Co-Chair) ⁽²⁾	N/A ⁽²⁾
Number of Common Shares Owned, Directed or Controlled	Number of Options Held
29,367	72,800
Number of RSUs Held	Other Public Boards
28,000	Horizon Petroleum Ltd.

Notes:

- (1) On March 11, 2021, the Board approved its committee members as follows: Audit Committee (Michael Hibberd (Chair), Francisco Diaz, Ariel Merenstein and Gonzalo Fernandez-Tinoco); Reserves Committee (David Winter (Chair), Charle Gamba and Greg Elliott); Compensation Committee (David Winter (Chair), Michael Hibberd, Ariel Merenstein and Juan Argento); Governance and Nominating Committee (Gonzalo Fernandez-Tinoco (Chair), Michael Hibberd, Francisco Diaz, David Winter and Greg Elliott); and Environmental, Social and Governance ("ESG") Committee (Francisco Diaz (Co-Chair), David Winter (Co-Chair), Charle Gamba, Michael Hibberd and Juan Argento).
- (2) The ESG Committee was established on December 14, 2020 and the first meeting was held in January, 2021.
- (3) Mr. Argento was appointed to the Board effective February 11, 2021.
- (4) Under the terms of the investment agreement between the Corporation and Cavengas Holdings S.R.L. ("Cavengas") dated August 28, 2015, Cavengas has the right to appoint two nominees to the Board provided Cavengas maintains ownership of at least 10% of the Corporation's issued and outstanding Common Shares. Mr. Argento and Mr. Fernández-Tinoco are the director nominees appointed by Cavengas.
- (5) Mr. Merenstein was appointed to the Board effective March 17, 2020.
- (6) Mr. Merenstein was appointed to the Compensation Committee on July 10, 2020 and no meetings were held in 2020 following the date of his appointment.
- (7) Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail, which owns 34,860,968 Common Shares as at May 12, 2021. Please refer to "*INFORMATION CONCERNING THE CORPORATION – Voting Securities and Principal Holders Thereof*" for further information.

Majority Voting for Directors

The Board has adopted a majority voting policy in director elections that will apply at any meeting of the Corporation's shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders' meeting. Following receipt of such resignation, the Corporate Governance and Nominating Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board. Within 90 days following the applicable shareholders' meeting, the Board shall publicly disclose their decision whether to accept the applicable director's resignation or not, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board or a committee thereof at which the resignation is considered.

Director Retirement Policy

The Corporation's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Corporation to the Chairman of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of shareholders of the Corporation. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant.

Advance Notice By-Law

Canacol has advance notice requirements in its by-law which was ratified by shareholders at the 2013 annual and special meeting of shareholders of the Corporation. The Corporation's by-laws provide that advance notice must be given to Canacol in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (a) a "proposal" made in accordance with the *Business Corporations Act* (Alberta); or (b) a requisition of a meeting made pursuant to the *Business Corporations Act* (Alberta). It also stipulates a deadline by which shareholders must notify Canacol of their intention to nominate directors and sets out the information that shareholders must provide regarding each director nominee and the nominating shareholder in order for the advance notice requirement to be met. These requirements are intended to provide all shareholders of the Corporation with the opportunity to evaluate and review the proposed candidates and vote in an informed and timely manner regarding said nominees. No person nominated by a shareholder will be eligible for election as a director of Canacol unless nominated in accordance with the provisions of the by-laws of the Corporation.

As of the date of this Circular, the Corporation has not received any nominations via the advance notice mechanism.

Cease Trade Orders, Bankruptcies Penalties or Sanctions

To our knowledge, other than as disclosed below, no proposed director: (i) is, or has been in the last 10 years before the date hereof, a director, chief executive officer or chief financial officer of a company (including the Corporation) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “order”), 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; (ii) is, or has been in the last 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that while that person was acting in such 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; (iii) has, within the last 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iv) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

David Winter is a director and officer and Charle Gamba is a director of Horizon Petroleum Ltd. Horizon Petroleum Ltd. is subject to a cease trade order from the Alberta Securities Commission for failure to file its 2019 year end financial statements and MD&A. The cease trade order was issued on January 6, 2020 and, as at the date hereof, is still in effect.

Charle Gamba was formerly a director of Solimar Energy Limited (“**Solimar**”) from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management’s discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

Michael Hibberd was a director of Skope Energy Inc. (a Toronto Stock Exchange (“**TSX**”) listed oil and gas company), which commenced proceedings in the Court of Queen’s Bench of Alberta under the *Companies’ Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed on February 19, 2013. Mr. Hibberd was a director of Montana Exploration Corp. at the time that an order was issued to suspend trading until the 2017 year end financial statements and MD&A were filed and compliance with TSX Venture Exchange requirements was confirmed. The order was issued by the Alberta Securities Commission on May 4, 2018. Mr. Hibberd is a non-executive Vice-Chairman of Sunshine Oil Sands Ltd. (“**Sunshine**”). On October 9, 2020, the Alberta Securities Commission issued an order for Sunshine to re-file its 2019 audited financial statements with an un-modified auditor’s opinion. The order prevents insiders and control block persons from trading Sunshine shares on the Hong Kong Stock Exchange until revoked.

3. Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP was appointed auditor of the Corporation effective October 4, 2019 by the Board.

The table below shows fees billed by KPMG LLP for the fiscal year ended December 31 2020:

Audit fees ⁽¹⁾	\$746,201
Audit related fees ⁽²⁾	-
Tax fees ⁽³⁾	-
All other fees ⁽⁴⁾	-
Total	\$746,201
Non-Audit Fees as a Percentage of Audit Fees	0%

Notes:

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
- (4) All other fees include fees for products and services provided by the auditor, other than the services reported above.

4. Approval of the Omnibus Long-Term Incentive Plan

At the Meeting, shareholders will be asked to approve the adoption of the Corporation's omnibus long term incentive plan (the "**Omnibus Plan**") and pass the ordinary resolution set forth below. The complete text of the Omnibus Plan is set out in Schedule A to this Circular and a summary of its material terms is provided below. As a result and assuming such approval is obtained, the Omnibus Plan will replace the existing stock option plan (the "**Option Plan**") and the existing restricted share unit plan (the "**RSU Plan**") and the Option Plan and the RSU Plan will each be of no further force and effect and all Options issued under the Option Plan and RSUs issued under the RSU Plan will continue under and be governed by the Omnibus Plan. The Omnibus Plan was approved by the Board on May 17, 2021.

The Omnibus Plan will allow for a variety of equity based awards that provide different types of incentives to be granted to certain of Canacol's officers, directors, employees and consultants (in the case of Options, performance share units ("**PSUs**") and RSUs) and to Eligible Directors (as defined in the Omnibus Plan) (in the case of deferred share units ("**DSUs**")). Options, PSUs, RSUs and DSUs are collectively referred to herein as "**Awards**". The following discussion is qualified in its entirety by the text of the Omnibus Plan.

Under the terms of the Omnibus Plan, the Board, or if the Board by resolution so decides, a committee of the Board and/or any member of the Board, may grant Awards to eligible participants, as applicable. Participation in the Omnibus Plan is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than a transfer or assignment to a RRIF, RRSP or TFSA, of which the participant is

and remains the annuitant, or to a corporation, of which the participant is and remains the sole shareholder, or a transfer or assignment in the event of the death of a participant.

The Omnibus Plan will provide that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change of the Common Shares, share split or consolidation, distribution, merger or amalgamation, in the Common Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the Omnibus Plan.

The maximum number of Common Shares reserved for issuance, in the aggregate, under the Omnibus Plan or pursuant to awards under any other established share compensation arrangement, will not exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time. As at May 12, 2021, the Corporation had Options to potentially acquire 12,450,506 Common Shares outstanding under the Option Plan (representing approximately 6.9% of the outstanding Common Shares) and no RSUs that the Board has determined to be redeemable for Common Shares from treasury ("**Equity Based RSUs**") outstanding under the RSU Plan, leaving up to 5,501,006 Common Shares to be issued from treasury available for future grants under the Omnibus Plan and all other security based compensation arrangements (representing approximately 3.1% of the current number of Common Shares issued and outstanding).

For the purposes of calculating the maximum number of Common Shares reserved for issuance under the Omnibus Plan, any issuance from treasury by the Corporation that is issued in reliance upon an exemption under applicable stock exchange rules applicable to share compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an insider of the Corporation shall not be included. All of the Common Shares covered by the exercised, cancelled or terminated Awards will automatically become available Common Shares for the purposes of Awards that may be subsequently granted under the Omnibus Plan. As a result, the Omnibus Plan is considered an "evergreen" plan.

The maximum number of Common Shares that may be: (a) issued to insiders of the Corporation within any one-year period, and (b) issuable to insiders of the Corporation at any time, in each case, under the Omnibus Plan alone, or when combined with all of the Corporation's other security-based compensation arrangements, cannot exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time determined on a non-diluted basis.

No more than 1% of the total issued and outstanding Common Shares (on a non-diluted basis) from time to time shall be reserved and available for grant and issuance pursuant to Awards to Eligible Directors. The aggregate equity value of DSUs that are eligible to be settled in Common Shares granted to an Eligible Director, within a one-year period, pursuant to all security-based compensation arrangements of the Corporation shall not exceed \$150,000 and the aggregate equity value of Options that can be granted to an Eligible Director, within a one-year period, pursuant to all share compensation arrangements of the Corporation shall not exceed \$100,000.

An Option entitles the participant to acquire Common Shares from treasury and shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate no later than five years after the date of the granting of the Option or such shorter period as the Board may determine. The minimum exercise price of an Option will not be less than the closing price of the Common Shares on the TSX on the last trading day before the date such Option is granted. The Omnibus Plan will provide that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the Omnibus Plan has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted "cashless exercise" or a "net exercise" subject to the procedures set out in the Omnibus Plan, including the consent of the Board, where required. If a participant elects to exercise Options under the "net exercise" procedures, the participant can elect to receive cash or a number of Common Shares equal to (a) the number of Common Shares underlying the Options multiplied by (b) the market value of the Common Shares at such date less

the exercise price of such Options, (c) divided by the market value of the Common Shares at such date, subject to acceptance by the Board and provided that satisfactory arrangements have been made to pay any applicable withholding taxes.

RSUs, PSUs and DSUs are substantially like “phantom” shares, the implied value of which will rise and fall in value based on the fair market value of the Common Shares and are redeemable, at the discretion of the Corporation, for cash, Common Shares from treasury or Common Shares purchased on the open market. The fair market value of the Common Shares, on a particular date, is determined based on the closing price for the Common Shares on the TSX for the trading day on which the Common Shares traded immediately preceding such date. The terms and conditions of grants of RSUs, PSUs and DSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards, will be set out in the participant’s grant agreement.

For each PSU awarded under the Omnibus Plan, the Board will establish (a) the applicable performance criteria and other vesting conditions, and (b) the period of time in which such performance criteria and other vesting conditions must be met, in order for a participant to be entitled to receive Common Shares in exchange for his or her PSUs. Subject to the provisions of any award agreement and the provisions of the Omnibus Plan, all vested RSUs and PSUs will be settled as soon as practicable following the date on which the Board determines that the performance criteria and/or other vesting conditions with respect to the RSU and/or PSU have been met, but in all cases RSUs and PSUs will be settled prior to (a) three years following the date of grant of the RSU or PSU, if settled by payment of cash equivalent or through purchases by the Corporation on the participant’s behalf on the open market, or (b) five years following the date of grant of the RSU or PSU, if the RSU or PSU will be settled by the issuance of Common Shares from treasury.

Eligible Directors may receive all or a portion of their compensation in the form of a grant of DSUs in each fiscal year. The number of DSUs will be calculated as the amount of the Eligible Director’s compensation elected to be paid in DSUs divided by the market value (as defined in the Omnibus Plan). Each Eligible Director will be entitled to redeem his or her DSUs during the period commencing on the business day immediately following his or her termination date and ending on the date that is not later than the 90th day following such termination date, or such shorter redemption period as set out in the relevant DSU agreement.

The following table describes the impact of certain events upon the rights of holders of Awards under the Omnibus Plan, including termination for cause, resignation, retirement, termination other than for cause, and death or disability, subject to the terms of a participant’s employment agreement, award agreement and the change of control provisions described below:

Event	Provisions
Termination for cause	Immediate forfeiture and termination of all vested and unvested Awards.
Resignation, retirement and termination other than for cause	<p><i>Options:</i> Forfeiture and termination of all unvested Options and all vested Options shall expire on the earlier of 90 days after the effective date of such resignation, retirement and termination or the expiry date of such Option or such longer period as the Board may determine in its sole discretion.</p> <p><i>RSUs, PSUs and DSUs:</i> All vested RSUs, PSUs or DSUs granted shall be paid out in accordance with their terms and all unvested RSUs, PSUs or DSUs will terminate on the effective date of such resignation, retirement or termination or such longer period as the Board may determine in its sole discretion.</p>

Death or disability

Options: All unexercised unvested Options will be deemed to have vested immediately on the effective date of such death or disability and all Options shall expire on the earlier of 12 months after the effective date of such death or disability, or the expiry date of such Option or such longer period as the Board may determine in its sole discretion.

RSUs, PSUs and DSUs: All unvested RSUs, PSUs or DSUs will be deemed to have vested immediately on the effective date of such death or disability and all RSUs, PSUs or DSUs shall be paid out in accordance with their terms.

Pursuant to the Omnibus Plan, when dividends (other than stock dividends) are paid on Common Shares, participants will receive additional DSUs, RSUs and/or PSUs ("**Dividend Share Units**"), as applicable, as of the dividend payment date. The number of Dividend Share Units to be granted to a participant will be determined by multiplying the aggregate number of DSUs, RSUs and/or PSUs, as applicable, held by the participant on the relevant record date by the amount of the dividend paid by the Corporation on each Common Share, and dividing the result by the market value (as defined in the Omnibus Plan) on the dividend payment date. Any Dividend Share Units granted to a participant will be subject to the same vesting conditions and settlement terms as applicable to the related DSUs, RSUs and/or PSUs in accordance with the applicable award agreement.

In connection with a change of control of the Corporation, the Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that the Board may accelerate the vesting of Awards if: (a) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Corporation); or (b) the Corporation has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised immediately before the effective time of such transaction or terminated on or after the effective time of such transaction.

The Board may, in its sole discretion, suspend or terminate the Omnibus Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the Omnibus Plan or of any securities granted under the Omnibus Plan and any grant agreement relating thereto, subject to any required regulatory and TSX approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Plan or as required by applicable laws.

The Board may amend the Omnibus Plan or any securities granted under the Omnibus Plan at any time without the consent of a participant provided that such amendment shall: (a) not materially adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Plan or upon the consent of the applicable participant(s); and (b) be in compliance with applicable law and with prior approval if required, of the shareholders of the Corporation and of the TSX or any other stock exchange upon which the Corporation has applied to list its shares, provided however that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:

- any amendment to the vesting provisions of the Omnibus Plan and any Award granted under the Omnibus Plan;
- any amendment regarding the provisions governing the effect of termination of a participant's employment, contract or office;
- any amendment which accelerates the date on which any Award may be exercised under the Omnibus Plan;
- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;

- any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Omnibus Plan, correct or supplement any provision of the Omnibus Plan that is inconsistent with any other provision of the Omnibus Plan, correct any grammatical or typographical errors or amend the definitions in the Omnibus Plan;
- any amendment regarding the administration of the Omnibus Plan; and
- any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX or any other stock exchange upon which the Corporation has applied to list its Common Shares,

provided that the alteration, amendment or variance does not:

- increase the maximum number of Common Shares issuable under the Omnibus Plan, other than an adjustment pursuant to a change in capitalization;
- reduce the exercise price of Awards benefitting including cancellation and reissuance of an Award, except in the case of an adjustment pursuant to a change in capitalization;
- extend expiration date of an Award, except in the case of an extension due to black-out period;
- remove or exceed the insider participation limits;
- remove or exceed the Eligible Director participation limits;
- amend the transfer provisions of the Awards; or
- amend the amendment provisions of the Omnibus Plan.

The above summary is qualified in its entirety by the full text of the Omnibus Plan, which is set out in Schedule A to this Circular. The Board encourages shareholders to read the full text of the Omnibus Plan before voting on this resolution. The Board and management of the Corporation recommend the approval of the adoption of the Omnibus Plan.

The Board will continue to assess and expand on the Corporation’s long-term incentive program; therefore, it has only approved the Omnibus Plan until the date of the Corporation’s next annual general meeting of shareholders.

At the Meeting, shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution substantially in the form set forth below:

“BE IT RESOLVED THAT, as an ordinary resolution of the Corporation that:

1. the adoption of the omnibus long term incentive plan (the “**Omnibus Plan**”) as described in the management information circular of the Corporation dated May 12, 2021 is hereby approved, ratified and confirmed;
2. the maximum number of Common Shares which may be issued under the Omnibus Plan and all other Share Compensation Arrangements (as defined in the Omnibus Plan) of the Corporation shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time on a non-diluted basis;
3. the Corporation has the ability to grant and to continue granting restricted share units, performance share units, deferred share units and stock options under the Omnibus Plan until June 28, 2022, being the date that is one year from the date of the meeting of shareholders of the Corporation at which shareholder approval is being sought;
4. the issued and outstanding stock options and restricted share units previously granted shall be continued under and governed by the Omnibus Plan; and

5. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing resolution.”

Unless otherwise directed, it is management’s intention to vote the proxies in favour of the foregoing resolution. In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting on such resolution.

INFORMATION CONCERNING THE CORPORATION

Voting Securities and Principal Holders Thereof

As at May 12, 2021, there were 179,515,122 Common Shares issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if there are not less than two persons present at the Meeting holding or representing by proxy not less than 5% of the shares entitled to be voted at the Meeting. The Board has fixed the Record Date for the Meeting at the close of business on May 12, 2021.

To the knowledge of the directors and executive officers of the Corporation, as at May 12, 2021, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation other than as set forth below:

Name	Number of Common Shares ⁽¹⁾	Percent of Outstanding Common Shares ⁽²⁾
Cavengas Holdings S.R.L.	32,613,072	18%
Fourth Sail Capital, LP	34,860,968	19%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 179,515,122 Common Shares issued and outstanding as at May 12, 2021.

Corporate Governance

The Board and management are committed to high standards of ethical conduct and corporate governance. Canacol’s corporate governance practices and policies comply with the CSA’s corporate governance guidelines, as well as the CSA’s rules relating to audit committees and certification of financial information. Canacol’s approach to corporate governance is developed by the Corporate Governance and Nominating Committee, with the Board having final approval of Canacol’s governance program.

BOARD AND GOVERNANCE HIGHLIGHTS

Board Composition and Policies

- ✓ Independent directors (six or 75%)
- ✓ Every Board meeting provides for an in-camera session
- ✓ Director orientation and continuing education
- ✓ Formal Board evaluation process by external consultant
- ✓ Majority Voting Policy
- ✓ Director Retirement Policy

Shareholder Rights

- ✓ Annual election of directors
- ✓ Directors elected individual (not by slate)

Governance

- ✓ Fully independent Audit and Corporate Governance and Nominating Committees
- ✓ Separate Board Chair and Chief Executive Officer
- ✓ Chief Executive Officer evaluation and succession planning
- ✓ Diversity Policy
- ✓ Code of Business Conduct and Ethics Policy
- ✓ Anti-hedging Policy

Compensation

- ✓ Solicit feedback from third party consultants
- ✓ Executive incentive compensation Clawback Policy
- ✓ Share Ownership Policy for Executive Officers
- ✓ Share Ownership Policy for Non-Executive Directors
- ✓ Performance Share Units (if the Omnibus Plan is approved at the Meeting)

Please refer to Schedule B hereto for more detail on the Corporation's corporate governance practices, policies and highlights.

Environmental, Social and Governance

Canacol's purpose is to improve the quality of life of millions of people through the exploration, production and supply of conventional natural gas. Its primary objective is to generate value for all its stakeholders in a sustainable, collaborative, co-responsible, respectful, and transparent way. Thanks to the transition to natural gas, the Corporation now has a more environmentally friendly value proposition that contributes to the reduction of CO² emissions in Colombia and a more efficient use of resources. Canacol also continues to support its neighbouring communities in essential social projects such as access to water and utility gas, productive projects, construction and improvement of public and community infrastructure, technical and university scholarships, among others.

All of the actions that Canacol carries out in response and benefit of its stakeholders are framed in its sustainability model and are based on its corporate values, strategies and objectives from an ESG perspective. With the goal of becoming a leading company in sustainability, continuous improvement has become a fundamental axis within Canacol. As a result, Canacol created a comprehensive model focused on implementing and leading best practices in corporate sustainability affairs at a global level.

In 2020, the Corporation reviewed how different stakeholders access and use ESG information, in order to understand their needs. Based on this review, Canacol made improvements to the way it manages and reports sustainability. The Corporation reduced duplications, integrating more information in the Corporation's Annual Sustainability report thereby increasing the coverage of ESG methodologies and standards. In 2020, the Corporation's Annual Sustainability Report covered: GRI's Oil & Gas G4 Sector Disclosures, Sustainability Accounting Standards Board (SASB), Carbon Disclosure Project, Task Force on Climate-Related Financial Disclosures (TCFD), Corporate Sustainability Assessment S&P Global, standards suggested by Bloomberg, the United Nations Sustainable Development Goals (SDGs) and the World Economic Forum Guide: Measuring Stakeholder Capitalism.

The ESG highlights for Canacol include the following:

- The creation of the ESG Committee comprised of four Board members.

- The reduction of the Corporation's carbon emission intensity through a progressive replacement of diesel fuel with natural gas in Canacol's operations since 2017.
- 91% of the energy generated for the Corporation's operations comes from self-produced natural gas.
- Achieved a 43% increase in the use of renewable energy in the Corporation's operations compared to the previous year.
- The treatment of 6.8 mega litres of water (18.6% of total usage) for subsequent recycling and reuse.
- Zero human rights violations and zero corruption reports.
- Attained a 88% satisfaction score in the Corporation's 2020 work-climate survey. This compares favorably with the regional Colombian average scores of 72% and 74%, respectively.
- Canacol's recent efforts have been focused on increasing diversity and inclusiveness, and currently, 34% of Canacol's workforce are women, including 13% in technical areas, 31% in leadership roles, and 30% of Canacol's top management.
- With the COVID-19 pandemic, Canacol quickly adapted to prioritize employees' health and safety without negatively affecting business operations.
- Canacol created opportunities through local employment, and development by going above and beyond regulatory requirements. 59% of Canacol's skilled labour and 100% of Canacol's unskilled labour were hired locally. Canacol purchased 93.3% of all goods and services locally, regionally, and nationally, representing an economic stimulus of US\$173 million dollars. Canacol also joined humanitarian aid efforts to aid communities during the COVID-19 pandemic, benefiting approximately 13,000 families.

For the fiscal year 2021, Canacol is committed to further developing its six-year ESG strategy that has four priorities:

1. A cleaner energy future: deliver natural gas under the highest environmental and operational efficiency standards.
2. A safe and committed team: maintain best-in-class health and safety practices and promote a diverse and inclusive culture.
3. A transparent and ethical business: adopt the best practices, encourage respect for human rights, and ensure ethics and integrity in everything Canacol does.
4. A society guided by sustainable development: promote and maintain close and transparent relationships that guarantee Canacol's communities' growth and quality of life.

The milestones for 2021 include: (1) building a carbon emissions baseline for Canacol's operation to set ambitious carbon reduction goals and become a key player in Colombia's emissions targets; (2) 5% year over year improvement on health and safety indicators from employees and contractors; (3) strengthen a diverse and inclusive work environment where everyone is recognized and can thrive; (4) demonstrate zero tolerance for corruption and human rights violations; (5) develop a social investment strategy to implement long-term vision projects; and (6) guarantee a supply chain aligned with Canacol's ESG strategy contracting at least 5% of local goods and services in the Corporation's procurement process.

Statement of Executive Compensation

Role and Composition of the Compensation Committee

The Corporation's executive compensation program is administered by the Compensation Committee of the Board. The Compensation Committee's mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors, including the "Named Executive Officers" which are identified in the "*Summary Compensation Table*" below. The Compensation Committee is presently comprised of David Winter (Chair), Michael Hibberd, Ariel Merenstein and Juan Argento. Each of these directors are "independent" for the purposes of NI 58-101, with the exception of Juan Argento. The relevant education and experience of each member of the Compensation Committee that enables such member to make decisions on the suitability of the Corporation's compensation policies and practice is set forth under the heading "*MATTERS TO BE ACTED UPON AT THE MEETING CORPORATION – Election of Directors*". See Schedule B hereto for a description of the responsibilities, powers and operation of the Compensation Committee.

Compensation Discussion and Analysis

Executive Compensation Principles

The Corporation's compensation program supports the Corporation's commitment to delivering strong performance for its shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people, which is critical to the success of the Corporation and to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers and other employees with the long term interests of the Corporation's shareholders and enhancement in share value. The Compensation Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market related occurrences from time to time.

The Corporation's executive compensation program is comprised of the following components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of Options and RSUs and will also include PSUs and DSUs if the Omnibus Plan is approved at the Meeting (see "*MATTERS TO BE ACTED UPON AT THE MEETING CORPORATION – Approval of the Omnibus Long-Term Incentive Plan*" and see also "*Incentive Plan Awards – Option Plan*" and "*Incentive Plan Awards – RSU Plan*"). Together, these components support the Corporation's long-term growth strategy and are designed to address the following key objectives of the Corporation's compensation program:

- align executive compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- encourage retention of key executives for leadership succession.

Compensation Review Process

When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Compensation Committee review the compensation practices of various companies. The Corporation selected 12 companies in its peer group, including Colombian producers Gran Tierra Energy Inc., Parex Resources Inc., Frontera Energy Corporation and GeoPark Ltd. The Corporation believes the aforementioned peer group list is comprised of companies that have similar characteristics in common with Canacol and that would compete for similar executive talent and, as such, provides a good basis for assessing the competitiveness of the Corporation's compensation. Given the nature of the oil and gas industry, the companies reviewed for

comparison purposes to the Corporation changes from time to time as companies are acquired and new companies become publicly traded.

In arriving at recommendations for executive compensation, including the assessment of the competitiveness of the Corporation's compensation practices, compensation information reviewed includes that available in the public domain, through private conversation during the competitive hiring process of new executives, and from widely available compensation surveys and studies. In addition, the Compensation Committee engaged Hugessen Consulting Inc. during the year ended December 31, 2020 to undertake a review of, and make recommendations to the Board on, the compensation and compensation procedures for the executive officers and directors, having regard to peer group data from similar companies, including performing a peer group review as well as performing certain compensation benchmarking.

The following table sets forth information concerning the fees paid by the Corporation to compensation advisors for the periods presented:

Advisor ⁽¹⁾	Financial Year Ending	Executive Compensation Related Fees	All Other Fees
		(\$) ⁽²⁾	(\$) ⁽³⁾
Hugessen Consulting Inc.	December 31, 2020	44,879	Nil
Hugessen Consulting Inc.	December 31, 2019	32,355	Nil

Notes:

- (1) Hugessen Consulting Inc. was retained in 2019
- (2) "Executive Compensation Related Fees" means the aggregate fees billed by the advisor, or any of its affiliates, for services related to determining compensation for any of the Corporation's directors and executive officers.
- (3) "All Other Fees" means the aggregate fees billed by the advisor, or any of its affiliates, that are not included under "Executive Compensation Related Fees".

In arriving at base salaries and the grant of Awards for employees, including executive officers of the Corporation, other than the President and Chief Executive Officer, the President and Chief Executive Officer of the Corporation makes recommendations to the Compensation Committee. Upon the receipt of the recommendations, the Compensation Committee reviews the recommendations and may request the compensation data compiled by the Corporation and determines whether to accept the recommendations or make any changes. The Compensation Committee determines its recommendation with respect to compensation of the President and Chief Executive Officer in consultation with the other independent directors. Consultation between the President and Chief Executive Officer and the Compensation Committee is customary during this process. In the case of the grant of Awards, the Compensation Committee, in consultation with the President and Chief Executive Officer, makes a recommendation to the Board for consideration and approval.

The Corporation's compensation philosophy has been to encourage the maximization of shareholder value at all levels of the organization by making cash bonuses a component of compensation, taking into consideration performance by both the Corporation and the respective executive officer. Although no formal bonus plan has been implemented, all executive officers are eligible to receive a bonus. The size of the bonus pool is based on the recommendation of the Compensation Committee. Bonus levels for the senior executive officers are established by the Compensation Committee and are subject to approval of the Board. The award of cash bonuses has not traditionally been targeted at maintaining the Corporation's cash compensation at any specific level relative to its peer group.

2020 Corporate Performance Goals

The Board approves corporate performance goals, based on business and performance measures commonly used in the oil and natural gas industry. Corporate goals for 2020 were approved in early 2020 for each of the performance areas. These goals were subjective, based on the view of the Board of key performance requirements for the Corporation, and in May 2020, due to the COVID-19 pandemic, the Board re-assessed the 2020 corporate performance goals with respect to the Corporation's ability to sustain activities amidst the pandemic. The table below is a summary of the revised key performance goals that assist the Compensation Committee in determining how Canacol's executives are paid.

Performance Goal	Target for 2020	Result Achieved in 2020
Realized Contractual Natural Gas Sales	Average of 170 million cubic feet per day	Average of 172 million cubic feet per day
Capital Expenditures	US\$108 million	US\$84 million
EBITDAX	US\$187 million	US\$187.5 million
Proved Plus Probable Plus Possible Reserve Additions	109 billion cubic feet from nine wells	128 billion cubic feet from six wells
Lost Time Accidents For Employees	Zero	Zero
Total Registrable Incident Rate for Contractors	0.61	0.80
Manager Visits To Field	100%	100%
Target Safety	85%	80%

Elements of our Executive Compensation Program

Each element of the Corporation's executive compensation program is described in more detail 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. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. In setting base compensation levels for executive officers, consideration is given to objective factors such as level of responsibility, experience and expertise as well as subjective factors such as leadership.

Short Term Incentive Compensation – Discretionary Cash Bonuses

In addition to base salaries, the Corporation may award discretionary cash bonuses to employees of the Corporation, including executive officers. The Corporation does not have a formal bonus plan and the amount of bonuses paid is not set in relation to any formula or specific criteria but is a result of a subjective determination based on, in the case of non-executive employees, the employee's contribution in adding share value and reducing costs and the employee's contribution to overall corporate goals. In the case of executive officers, including the President and Chief Executive Officer, bonus awards are discretionary and while there are no specific targets or criteria set out, matters such as achievement of goals, changes in share price, cash flow per share, income per share, net asset value per share, reserve replacement costs and production levels are considered (see "2020 Corporate Performance Goals" above). No maximum bonus has been established for any executive officer.

Long Term Incentive Compensation – Awards

Options are granted under the Option Plan to directors, executive officers, employees, consultants and other service providers of the Corporation and 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 shares in the Corporation. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, the Board evaluates the number of Options an individual has been granted, the role the individual plays in the Corporation, the exercise price and value of the Options and the term remaining on those Options. See "*Statement of Executive Compensation – Incentive Plan Awards – Option Plan*" for further information.

In addition, the Corporation may grant RSUs to executive officers, employees (including directors) and consultants of the Corporation pursuant to the RSU Plan, which are also intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. In determining the number of RSUs to be granted under the RSU Plan, the Board takes into consideration an individual's level of responsibility within the Corporation, the role the individual plays in the Corporation, the individual's contribution to shareholder value and previous grants of RSUs. See "*Incentive Plan Awards – RSU Plan*" for further information.

The Compensation Committee recommended the expansion of the Corporation's long-term incentive program to include the adoption of an omnibus long term incentive plan, which will allow for the grant of PSUs to executive officers in addition to Options and RSUs. The Omnibus Plan was approved by the Board on May 17, 2021 and, if approved at the Meeting, the Omnibus Plan will replace Option Plan and the RSU Plan. See "*MATTERS TO BE ACTED UPON AT THE MEETING CORPORATION – Approval of the Omnibus Long-Term Incentive Plan*".

Concurrent with the approval of 2021 salaries, bonuses and RSUs, the Board approved an allocation of awards with performance criteria in the amount of 960,000 units for executive officers with a cliff vesting date of May 1, 2023. The Board determined that the initial grant would vest over two years while all future grants would vest over a period greater than two years but not greater than three years. These performance awards will be effective as soon as the performance criteria has been established, a process that is currently underway and one that was delayed due to the challenges related to the COVID-19 pandemic.

Executive Share Ownership Policy

Alongside the expansion of the Corporation's long-term incentive program to include the adoption of an omnibus long term incentive plan and the ability to grant PSUs, the Board has adopted a mandatory equity ownership policy for executive officers. Executive officers are required to acquire and hold Common Shares with a minimum aggregate market value of two times their base annual salary. Determinations of the value of Common Shares owned by an executive officer is based on the trading price of the Common Shares on the TSX. In the event that the market value of Common Shares owned by an executive officer falls below the original purchase price actually paid by the executive officer for such Common Shares, the original purchase price may be used when calculating the executive officer's Common Share ownership. The executive officers have a period of four years from the date of the implementation of the policy on May 1, 2021, or from the date of their appointment as an executive officer of the Corporation, as applicable, whichever is later, to acquire the value of Common Shares required.

Employment Agreements

As described under "*Termination and Change of Control Benefits*", the Corporation has entered into employment agreements with various executive officers of the Corporation, including each of the Named Executive Officers. The employment agreements were entered into in order to ensure continuity of management and in consideration for the mutual covenants and agreements contained in the agreements.

Clawback Policy

The Corporation emphasizes strong governance supporting its compensation practices and as such a formal recoupment or “clawback” policy (the “**Clawback Policy**”) will be formalized by the Board concurrent with the completion of the performance criteria for the awards described above. The Clawback Policy will be applicable to all executive officers of the Corporation. The Clawback Policy will allow for discretionary recovery by the Board of incentive-based compensation where there is a material restatement of the Corporation’s financial results due in whole or in part to the willful fraud or misconduct by one or more of the executive officers. Pursuant to the Clawback Policy, the Board will have discretion to cancel any bonus payments or unvested incentive awards and/or require reimbursement of paid bonuses or incentive awards when a clawback is triggered. In carrying out the recovery of the clawback amount, the Board will be entitled to pursue all legal and other remedies at its disposal including, without limitation, initiating legal action.

Succession Planning

The Board is responsible for the stewardship of the Corporation with oversight in several key areas, including succession planning. Succession planning is a regular topic of discussion at Board meetings as the Board has a responsibility to be prepared for a change in leadership, be in planned or unplanned, to ensure the stability and accountability of the Corporation. In 2020, succession planning for senior officers was regularly discussed with the Chief Executive Officer summarizing details of the development of individual executives.

Risk Implications Associated with Compensation Policies and Practices

The Compensation Committee and the Board have considered the implications of the risks associated with the Corporation’s compensation policies and practices and have determined that there are no significant areas of risk given the nature of the compensation provided. The reasons for this determination include, without limitation, the following: components of the compensation are awarded on a discretionary basis; the compensation package for Named Executive Officers is reviewed and assessed annually by the Compensation Committee and the Board; the compensation program consists of fixed (base salary) and variable (annual cash bonuses and long-term Award grants) compensation, which is designed to balance the level of risk-taking while also focusing on generating long-term and sustainable value for shareholders; Awards typically vest over a period of time, which acts to further mitigate against the potential for inappropriate short-term risk-taking; and there are no compensation policies and practices that are significantly different for any Named Executive Officer. The Compensation Committee and the Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Corporation’s compensation program is appropriately structured.

Hedging Policies

The Corporation’s Insider Trading and Anti-Hedging Policy provides that the practice of selling “short” securities of the Corporation and the practice of buying or selling a “call” or “put” or any other derivative security including but not limited to swaps, forwards and futures in respect of any securities of the Corporation is not permitted at any time by the directors, officers, employees, contract workers and consultants of the Corporation.

Summary

The Corporation’s compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee and the 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 the Corporation.

Summary Compensation Table

The following table sets forth for the financial years ended December 31, 2020, 2019 and 2018, information concerning the compensation paid to the Chief Executive Officer and Chief Financial Officer and the three most highly compensated executive officers of the Corporation, other than the Chief Executive Officer and Chief Financial Officer, for the financial year ended December 31, 2020 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾⁽²⁾	Option-Based Awards (\$) ⁽³⁾⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) ⁽⁶⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽⁵⁾	Long-Term Incentive Plans			
Charles Gamba⁽⁷⁾	2020	735,589 ⁽⁸⁾	720,000	Nil	378,303 ⁽⁸⁾	Nil	Nil	91,139 ⁽⁸⁾	1,925,031
	2019	623,643 ⁽⁸⁾	516,850	Nil	656,861 ⁽⁸⁾	Nil	Nil	92,907 ⁽⁸⁾	1,890,261
President and Chief Executive Officer	2018	608,979 ⁽⁸⁾	418,901	239,985	304,409 ⁽⁸⁾	Nil	Nil	88,172 ⁽⁸⁾	1,660,446
Jason Bednar	2020	418,708	405,000	Nil	208,737 ⁽⁸⁾	Nil	Nil	Nil	1,032,446
	2019	386,500	381,990	Nil	368,878 ⁽⁸⁾	Nil	Nil	Nil	1,137,368
Chief Financial Officer	2018	380,000	307,287	159,990	239,705 ⁽⁸⁾	Nil	Nil	Nil	1,086,982
Ravi Sharma	2020	517,595 ⁽⁸⁾	405,000	Nil	208,737 ⁽⁸⁾	Nil	Nil	59,963 ⁽⁸⁾	1,191,296
	2019	490,953 ⁽⁸⁾	381,990	Nil	490,953 ⁽⁸⁾	Nil	Nil	61,397 ⁽⁸⁾	1,425,293
Chief Operating Officer	2018	479,409 ⁽⁸⁾	307,287	159,990	250,394 ⁽⁸⁾	Nil	Nil	58,188 ⁽⁸⁾	1,255,268
Anthony Zaidi	2020	489,089 ⁽⁸⁾	405,000	Nil	208,737 ⁽⁸⁾	Nil	Nil	105,661 ⁽⁸⁾	1,208,487
	2019	464,415 ⁽⁸⁾	381,990	Nil	368,878 ⁽⁸⁾	Nil	Nil	83,412 ⁽⁸⁾	1,298,695
Vice President, Business Development and General Counsel	2018	453,495 ⁽⁸⁾	307,287	159,990	226,748 ⁽⁸⁾	Nil	Nil	64,673 ⁽⁸⁾	1,212,193
Mark Teare	2020	402,604	405,000	Nil	208,737 ⁽⁸⁾	Nil	Nil	Nil	1,016,342
	2019	386,500	381,990	Nil	368,878 ⁽⁸⁾	Nil	Nil	Nil	1,137,368
Senior Vice President, Exploration	2018	380,000	307,287	159,990	250,394 ⁽⁸⁾	Nil	Nil	Nil	1,097,671

Notes:

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) Based on the number of RSUs granted multiplied by the market price of the underlying Common Shares on the grant date. This methodology was chosen in order to be consistent with industry.
- (3) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (4) This does not represent cash paid to the NEO. This figure is based on the grant date fair value of such options. The grant date fair value was determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since the Black-Scholes option pricing model is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term, risk-free interest rate, dividend yield of stock and volatility of stock return. Calculating the value of stock options using the Black-

Scholes option pricing model is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “grant date fair value” based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

- (5) Represents annual cash bonus awards that are declared and paid annually. See “*Elements of our Executive Compensation Program – Short Term Incentive Compensation – Discretionary Cash Bonuses*” discussion above.
- (6) This amount represents the aggregate amount of perquisites paid to the Named Executive Officer. Mr. Gamba’s amount for the year ended December 31, 2020 includes an annual living allowance of \$69,221. Mr. Sharma’s amount for the year ended December 31, 2020 includes an annual living allowance of \$59,963. Mr. Zaidi’s amount for the year ended December 31, 2020 includes an annual living allowance of \$64,392 and executive benefits in the aggregate amount of \$41,269.
- (7) Mr. Gamba did not receive any additional compensation for serving as a director of the Corporation.
- (8) Compensation was paid in US dollars and converted to Canadian dollars for purposes of this disclosure using the average annual exchange rates for each of the following years (2020 - 1.3415, 2019 - 1.3269 and 2018 - 1.2957).

Incentive Plan Awards

On May 17, 2021, the Board adopted the Omnibus Plan. Prior to the adoption of the Omnibus Plan by the Board, the security-based compensation plans of the Corporation were Option Plan and RSU Plan. The Omnibus Plan was approved by the Board on May 17, 2021 and, if approved at the Meeting, the Omnibus Plan will replace Option Plan and the RSU Plan. See “*MATTERS TO BE ACTED UPON AT THE MEETING CORPORATION – Approval of the Omnibus Long-Term Incentive Plan*”.

Option Plan

On June 4, 2020, the Board approved certain amendments to the Corporation’s stock option plan resulting in the amended stock option plan (defined herein as the “**Option Plan**”). The shareholders approved the Option Plan at the meeting of shareholders of the Corporation held on July 10, 2020.

Canacol adopted the Option Plan in order to provide incentive compensation to directors, officers, employees and consultants of Canacol and its subsidiaries as well as to assist Canacol and its subsidiaries in attracting, motivating and retaining qualified directors, management personnel and consultants. The Option Plan is administered by the Board, or a committee thereof, which will designate, from time to time, the recipients of grants and the terms and conditions of each grant, in each case in accordance with applicable securities laws and stock exchange requirements.

The Option Plan permits the granting of Options to purchase Common Shares to directors, executive officers, employees, consultants and other service providers of the Corporation. The Option Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan, together with all other security based compensation arrangements of the Corporation, to 10% of the number of Common Shares outstanding, subject to the following additional limitations:

- (a) the aggregate number of Common Shares reserved for issuance to any one person under the Option Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Common Shares (on a non-diluted basis);
- (b) in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders under the Option Plan, together with all other security based compensation arrangements of the Corporation;
- (c) the number of securities of the Corporation issued to insiders, within any 12 month period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares;

- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12 month period to any one consultant of the Corporation (or any of its subsidiaries); and
- (e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12 month period to persons employed to provide investor relations activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the Options vesting in any three month period.

The Option Plan does not impose a maximum term for the duration of an Option. Notwithstanding the foregoing, a participant's Options shall expire within 90 days after a participant ceases to act for the Corporation, other than by reason of death, subject to adjustment at the discretion of the Board. Options of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Corporation. Under the Option Plan, in the event of the death of a participant, the participant's estate shall have 12 months in which to exercise the outstanding Options.

Pursuant to the Option Plan, the exercise price shall be fixed by the Board at the time that the Option is granted; however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on the TSX on the first day preceding the date of grant. The Option Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by the TSX.

The Option Plan provides participants with an election, if permitted by the Board, for a cashless exercise of a participant's vested and exercisable Options. If a participant elects a cashless exercise the participant shall surrender each Option in exchange for the issuance by Canacol of that number of Common Shares equal to the number determined by dividing the Market Price (as defined in the Option Plan and as calculated as at the date of exercise) into the difference between the Market Price and the exercise price of such Option.

The Option Plan provides participants the right to make an offer to Canacol to surrender any of the Options held by such person for an amount (not to exceed the fair market value) specified therein by the participant and Canacol may, but is not obligated to, accept the surrender offer, subject to any regulatory approval required.

The Option Plan provides the Corporation with authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by a participant to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with the Option Plan, or any issuance of Common Shares thereunder. Pursuant to the Option Plan, the Corporation can assist participants to pay for the income tax withholdings upon the exercise of an Option. Specifically, subject to applicable law, the Corporation may, in its sole discretion, arrange for the Corporation to make loans to assist participants to pay for the income tax withholdings upon the exercise of an Option so granted and/or to assist the participants. Any loans granted by the Corporation to assist participants to purchase Common Shares upon the exercise of an Option shall be full recourse to the participant, and shall be at such rates of interest, if any, and on such other terms as may be determined by the Corporation.

The Option Plan includes a black out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black-out periods". A black out period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The TSX recognizes these black-out periods might result in an unintended penalty to employees who are prohibited from exercising their Options during that period because of their company's internal trading policies. As a result, the TSX provides a framework for extending Options that would otherwise expire during a black out period. The

Option Plan includes a provision that should an Option expiration date fall within a black out period or immediately following a black-out period, the expiration date will automatically be extended for 10 business days following the end of the black-out period.

The Option Plan contains provisions for the adjustment in the exercise price and the number of Common Shares issuable on the exercise of Options in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, an amalgamation, merger or other relevant change in the Corporation's corporate structure, special distributions or any other relevant change in the Corporation's capitalization.

Based on the policies of the TSX, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the shareholders. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the Option holders provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to shareholder approval are amendments that would:

- (a) reduce the exercise price of an Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (b) extend the expiry date of an Option held by an insider of the Corporation (subject to such date being extended by virtue of the black-out provision noted above);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to insiders;
- (d) increase the maximum number of Common Shares issuable pursuant to the Option Plan;
or
- (e) amend the amendment provisions of the Option Plan.

Pursuant to the Option Plan, all benefits, rights and options accruing to any participant are not transferable or assignable except for a transfer or assignment to a holding company or trust controlled by the participant, upon the approval of the Board, or a transfer or assignment in the event of the death of a participant.

During the year ended December 31, 2020, the Corporation granted an aggregate of 3,700,000 Options at an exercise price of \$4.24 on February 3, 2020. All of such Options have vesting provisions of 33% on the first anniversary date of the date of grant, 33% on the second anniversary date of the date of grant and 33% on the third anniversary date of the date of grant and expire on the five year anniversary of the date of grant.

The Corporation's annual burn rate, as described in Section 613(d) of the TSX Company Manual, under the Option Plan was 2.1% in fiscal 2018, 1.7% in fiscal 2019 and 2.0% in fiscal 2020. The burn rate is subject to change from time to time, based on the number of Options granted and the total number of Common Shares issued and outstanding.

RSU Plan

On March 22, 2016, the Board approved the RSU Plan. The RSU Plan is meant to complement the Option Plan to offer, through combinations of these equity-based incentive programs, optimal alignment of the interest of management and employees of the Corporation to that of its shareholders. The choice of implementing a RSU Plan was taken by the Board after an analysis of various alternative equity-based plans. Of the potential equity-based plans considered, a combination of the Option Plan together with the RSU Plan was considered to provide the best balance between alignment with shareholder interests,

protection against downside risk, share price volatility protection and employee retention. The following is a summary of certain provisions of the RSU Plan and is qualified in its entirety by reference to the full text of the RSU Plan.

The RSUs are substantially like “phantom” shares, the implied value of which will rise and fall in value based on the fair market value of the Common Shares and are redeemable, at the discretion of the Corporation, for cash, Common Shares purchased on the open market or Common Shares from treasury (defined herein as “**Equity Based RSUs**”), on the vesting dates determined by the Board. The fair market value of the Common Shares, on a particular date, is determined based on the closing price for the Common Shares on the TSX for the trading day on which the Common Shares traded immediately preceding such date.

The key features of the RSU Plan are as follows:

- (a) the eligible participants are officers, employees (including directors) and consultants of the Corporation or a subsidiary of the Corporation;
- (b) RSUs may, in the Corporation’s sole and absolute discretion, be settled by any of the following methods or by a combination of such methods: (i) payment in cash; (ii) payment in Common Shares acquired by the Corporation on the open market; or (iii) payment in Common Shares issued from the treasury of the Corporation. A holder of RSUs does not have any right to demand, be paid in, or receive Common Shares as settlement for the RSUs or any portion thereof;
- (c) the RSU Plan limits the total number of Common Shares that may be issued from treasury upon redemption of Equity Based RSUs outstanding at any time under the RSU Plan, together with all other security based compensation arrangements of the Corporation, to 10% of the number of Common Shares outstanding, subject to the following additional limitations:
 - (i) the aggregate number of Common Shares reserved for issuance to any one person under the RSU Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Common Shares (on a non-diluted basis);
 - (ii) in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders under the RSU Plan, together with all other security based compensation arrangements of the Corporation;
 - (iii) the number of securities of the Corporation issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares; and
 - (iv) Equity Based RSUs shall not be settled if the redemption thereof would result in the issuance of more than 2% of the issued Common Shares in any 12 month period to any one consultant of the Corporation (or any of its subsidiaries);
- (d) the Board has the discretion to determine the vesting date for each RSU or any other vesting requirements provided that no such vesting condition for a RSU granted to an officer or employee shall extend beyond December 15 of the third calendar year following the year in which the RSUs were granted;
- (e) subject to the terms of the RSU Plan, the Board may determine other terms or conditions of any RSUs, relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies;

- (c) the financial performance or results of the Corporation; (d) the operational performance criteria (reserves growth, production growth, etc.) relating to the Corporation; (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting; and (f) the vesting date;
- (f) unless otherwise determined by the Board, in its sole discretion, or specified in the applicable RSU agreement:
 - (i) upon the termination for cause of a participant, all of the participant's RSUs which remain unvested shall be forfeited without any entitlement to such participant;
 - (ii) upon the retirement or death of a participant, all of the participant's RSUs which remain unvested shall vest immediately; and
 - (iii) upon termination without cause, all of the participant's RSUs which remain unvested shall continue to vest (and be paid out) in accordance with their terms;
- (g) upon the occurrence of a Change of Control (as defined in the RSU Plan), all outstanding RSUs at that time shall vest in full and become payable;
- (h) the RSU Plan contains provisions for adjustment in the value of RSUs or the number of Common Shares issuable on redemption of RSUs in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, an amalgamation, merger or other relevant change in the Corporation's corporate structure, special distributions or any other relevant change in the Corporation's capitalization;
- (i) the assignment or transfer of RSUs, or any other benefits under the RSU Plan, is not permitted, except through devolution by death or incompetency or, in the case of non-residents of Canada, to a holding company or trust controlled by such holder, subject to certain conditions set forth in the RSU Plan; and
- (j) the RSU Plan may be amended at any time by the Board in whole or in part, without the consent of the holders of RSUs, provided that such amendment shall not alter or impair any RSU previously granted under the RSU Plan. In addition, the only amendments to the RSU Plan that would be subject to shareholder approval and, if required, TSX approval are amendments that would: (i) increase the maximum number of Common Shares issuable from treasury pursuant to the RSU Plan; (ii) remove or amend the limitations contained in the RSU Plan as described in paragraph (c) above; (iii) remove or amend the amendment provisions of the RSU Plan; or (iv) in any other circumstances where TSX and shareholder approval is required by the TSX.

During the year ended December 31, 2020, the Corporation granted RSUs as follows: February 3, 2020, the Corporation granted an aggregate of 676,000 RSUs based on a Common Share price at the date of grant of \$4.24 per Common Share; and (2) on February 25, 2020, the Corporation granted an aggregate of 911,000 RSUs based on a Common Share price at the date of grant of \$4.50 per Common Share. All of such RSUs have vesting provisions of 50% on the six month anniversary date of the date of grant and 50% on the 12 month anniversary date of the date of grant and a maximum expiry date of December 15 on the third year from grant.

The Corporation's annual burn rate, as described in Section 613(d) of the TSX Company Manual, under the RSU Plan was 0.59% in fiscal 2018, 0.82% in fiscal 2019 and 0.88% in fiscal 2020. The burn rate is subject to change from time to time, based on the number of RSUs granted and the total number of Common Shares issued and outstanding.

Cash Only RSU Plan

On March 11, 2021, the Board approved a cash only restricted share unit plan, which has the same terms as the RSU Plan, however, the RSUs issued under this plan can only be settled in cash.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each Named Executive Officer all awards outstanding at the end of the financial year ended December 31, 2020, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards ⁽¹⁾		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed (\$)
Charle Gamba	250,000	4.14	August 24, 2021	Nil	80,000	300,000	Nil
President and Chief Executive Officer	150,000	4.22	January 16, 2022	Nil			
	125,000	4.18	August 14, 2022	Nil			
	150,000	4.34	January 26, 2023	Nil			
Jason Bednar	150,000	4.14	August 24, 2021	Nil	45,000	168,750	Nil
Chief Financial Officer	100,000	4.22	January 16, 2022	Nil			
	80,000	4.18	August 14, 2022	Nil			
	100,000	4.34	January 26, 2023	Nil			
Ravi Sharma	150,000	4.14	August 24, 2021	Nil	45,000	168,750	Nil
Chief Operating Officer	100,000	4.22	January 16, 2022	Nil			
	80,000	4.18	August 14, 2022	Nil			
	100,000	4.34	January 26, 2023	Nil			
Anthony Zaidi	150,000	4.14	August 24, 2021	Nil	45,000	168,750	Nil
Vice President, Business Development and General Counsel	100,000	4.22	January 16, 2022	Nil			
	80,000	4.18	August 14, 2022	Nil			
	100,000	4.34	January 26, 2023	Nil			
Mark Teare	150,000	4.14	August 24, 2021	Nil	45,000	168,750	Nil
Senior Vice President, Exploration	100,000	4.22	January 16, 2022	Nil			
	80,000	4.18	August 14, 2022	Nil			
	100,000	4.34	January 26, 2023	Nil			

Notes:

- (1) The Corporation made a special distribution to the shareholders of the Corporation of common shares of Arrow Exploration Ltd. by way of a return of capital (the "Return of Capital") valued at US\$20 million. In the event of a special distribution by the Corporation such as the Return of Capital, (a) the Option Plan provides that for each outstanding Option the exercise price will be reduced by such amount as determined by the Board, and (b) the

RSU Plan provides for an increase in the value of the outstanding and vested RSUs by such amount as determined by the Board. All the then outstanding Options and the value of all of the then outstanding and vested RSUs were adjusted by an amount equal to \$0.08 effective October 3, 2018.

- (2) Calculated based on the difference between the closing price of \$3.75 per Common Share on the TSX on December 31, 2020, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) The value of share-based awards that have not vested has been calculated using the closing price of the Common Shares on December 31, 2020 of \$3.75.

See “*Statement of Executive Compensation – Compensation Discussion and Analysis*” for discussion of the process that the Corporation uses in the grant of Options and RSUs.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and the value of share-based awards which vested during the financial year ended December 31, 2020. No non-equity incentive plan compensation was earned during the financial year ended December 31, 2020 by the Named Executive Officers.

Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-Based Awards - Value vested during the year (\$) ⁽²⁾
Charle Gamba President and Chief Executive Officer	Nil	583,050
Jason Bednar Chief Financial Officer	Nil	380,330
Ravi Sharma Chief Operating Officer	Nil	380,330
Anthony Zaidi Vice President, Business Development and General Counsel	Nil	380,330
Mark Teare Senior Vice President, Exploration	Nil	380,330

Notes:

- (1) Based on the difference between the market price of the Options at the vesting date and the exercise price.
- (2) Based on the number of RSUs multiplied by the market price of the underlying Common Shares on the vesting date.

Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

The Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities, other than as described below.

Each Named Executive Officer has entered into an executive employment agreement with the Corporation which provides for payment of (a) two times the sum of (i) the Named Executive Officer’s current annual base salary, plus (ii) an amount equal to the average amount of the annual bonus payments, if any, paid to the Named Executive Officer by the Corporation for the two full calendar years prior to the termination

date (pro-rated to the full year equivalent for bonuses paid in respect of periods covering less than a year), and (b) a lump sum payment of US\$40,000 (or C\$40,000 in the case of Jason Bednar and Mark Teare) representing compensation for the loss of other benefits and perquisites, in the event of: (A) a Change of Control (as defined below) of the Corporation and if the NEO does not continue to be employed at a level of responsibility at least commensurate with the NEO's level of responsibility immediately prior to the Change of Control; or (B) termination "without cause" (each, a "**Triggering Event**").

"Change of Control" in these employment agreements means: (a) any persons acting jointly or in concert, whether directly or indirectly, acquiring beneficial ownership of more than 40% of the Common Shares; (b) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of the Common Shares; (c) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than in the ordinary course of business of the Corporation or to a subsidiary or an affiliate of the Corporation; (d) a change in the composition of the Board over any 12 month period such that more than 50% of the persons who were directors of the Corporation at the beginning of such period are no longer directors at the end of the period, unless such change is a consequence of normal attrition; and (e) any determination by the majority of incumbent members of the Board that a change of control has occurred or is about to occur.

For the financial year ended December 31, 2020, the NEOs would have been entitled to the following payments in the event of a Triggering Event: Charle Gamba – US\$1,945,000, Jason Bednar – \$1,460,123, Ravi Sharma – US\$1,251,600, Anthony Zaidi – US\$1,208,600 and Mark Teare – \$1,421,473.

Director Compensation

The Corporation currently has eight directors, one of whom, Charle Gamba, is also a Named Executive Officer. For a description of the compensation paid to Charle Gamba, see "*Statement of Executive Compensation*".

General

Through the Compensation Committee, the Board is responsible for the development and implementation of a compensation plan for the non-executive directors of Canacol. The main objectives of the compensation plan for the non-executive directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies.

To meet and maintain these objectives, the Compensation Committee annually performs a review of the non-executive directors' compensation plan, which includes reviewing the compensation paid to directors of an industry specific peer group. The Compensation Committee then recommends any changes to the compensation plan to the Board for consideration and, if deemed appropriate, approval.

Non-executive directors are eligible to participate in the Option Plan, the RSU Plan and other long-term compensation plans adopted by the Corporation from time to time. Although historically non-executive directors have been eligible to participate in the stock option plan of the Corporation, no Options were granted to non-executive directors in 2020.

The Compensation Committee recommended the expansion of the Corporation's long-term incentive program to include the adoption of an omnibus long term incentive plan, which will allow for non-executive directors to receive all or a portion of their compensation in the form of a grant of DSUs in each fiscal year. The Omnibus Plan was approved by the Board on May 17, 2021 and, if approved at the Meeting, the Omnibus Plan will replace Option Plan and the RSU Plan. See "*MATTERS TO BE ACTED UPON AT THE MEETING CORPORATION – Approval of the Omnibus Long-Term Incentive Plan*".

Director Share Ownership Policy

Alongside the expansion of the Corporation's long-term incentive program to include the adoption of an omnibus long term incentive plan, the Board adopted a mandatory equity ownership policy for the non-executive directors. Non-executive directors are required to acquire and hold Common Shares with a minimum aggregate market value of two times their base annual retainer. Determinations of the value of Common Shares owned by a non-executive director will be based on the trading price of the Common Shares on the TSX. In the event that the market value of Common Shares owned by a non-executive director falls below the original purchase price actually paid by the non-executive director for such Common Shares, the original purchase price may be used when calculating the non-executive director's Common Share ownership. Non-executive directors have a period of four years from the date of the implementation of the policy on May 1, 2021, or from the date of their appointment as a director of the Corporation, as applicable, whichever is later, to acquire the value of Common Shares required. This policy is applicable to all non-executive directors unless their terms of employment elsewhere prevent them from acquiring shares of a public corporation.

Directors' Summary Compensation Table

The following table sets forth for the financial year ended December 31, 2020, information concerning the compensation paid to the non-executive directors. Ariel Merenstein, a non-executive director, was appointed to the Board effective March 17, 2020 and Oswaldo Cisneros, a non-executive director, passed away on November 8, 2020 and was replaced by Juan Argento effective February 11, 2021.

Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Michael Hibberd	116,167	162,000	Nil	Nil	Nil	Nil	278,167
David Winter	85,167	126,000	Nil	Nil	Nil	Nil	211,167
Gregory D. Elliott	70,749	117,000	Nil	Nil	Nil	Nil	187,749
Francisco Diaz	72,167	117,000	Nil	Nil	Nil	Nil	189,167
Oswaldo Cisneros	78,167	117,000	Nil	Nil	Nil	Nil	195,167
Gonzalo Fernández-Tinoco	75,167	121,500	Nil	Nil	Nil	Nil	196,667
Ariel Merenstein	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) Based on the number of RSUs granted multiplied by the market price of the underlying Common Shares on the grant date.
- (3) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.

The following table sets forth the annual retainer fees for the non-executive directors for the year ended December 31, 2020.

Title	Annual Retainer Amount (\$)
Directors	45,900
Chairman of Board	30,000
Chair of Audit Committee	12,000
Member of Audit Committee	5,000
Chair of Reserves Committee	9,000
Member of Reserves Committee	3,000
Chair of Compensation Committee	9,000
Member of Compensation Committee	3,000
Chair of Corporate Governance and Nominating Committee	9,000
Member of Corporate Governance and Nominating Committee	3,000
Co-Chair of ESG Committee	4,500
Member of ESG Committee	3,000

Directors' Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each person who was a non-executive director during the last completed financial year of the Corporation, all awards outstanding at the end of the financial year ended December 31, 2020, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards ⁽¹⁾		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed (\$)
Michael Hibberd	46,000	4.14	August 24, 2021	Nil	18,000	67,500	Nil
	30,000	4.22	January 16, 2022	Nil			
	33,600	4.18	August 14, 2022	Nil			
	30,000	4.34	January 26, 2023	Nil			
David Winter	24,000	4.14	August 24, 2021	Nil	14,000	52,500	Nil
	16,000	4.22	January 16, 2022	Nil			
	16,800	4.18	August 14, 2022	Nil			
	16,000	4.34	January 26, 2023	Nil			
Gregory D. Elliott	24,000	4.14	August 24, 2021	Nil	13,000	48,750	Nil
	16,000	4.22	January 16, 2022	Nil			
	16,800	4.18	August 14, 2022	Nil			
	16,000	4.34	January 26, 2023	Nil			

Name	Option-Based Awards				Share-Based Awards ⁽¹⁾		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ⁽¹⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested ⁽³⁾ (\$)	Market or Payout Value of vested Share-Based Awards not paid out or distributed (\$)
Francisco Diaz	24,000	4.14	August 24, 2021	Nil	13,000	48,750	Nil
	16,000	4.22	January 16, 2022	Nil			
	16,800	4.18	August 14, 2022	Nil			
	16,000	4.34	January 26, 2023	Nil			
Oswaldo Cisneros	24,000	4.14	November 8, 2021	Nil	Nil	Nil	Nil
	16,000	4.22	November 8, 2021	Nil			
	16,800	4.18	November 8, 2021	Nil			
	16,000	4.34	November 8, 2021	Nil			
Gonzalo Fernández-Tinoco	Nil	N/A	N/A	N/A	13,500	50,625	Nil
Ariel Merenstein	Nil	N/A	N/A	N/A	Nil	Nil	Nil

Notes:

- (1) The Corporation made a special distribution to the shareholders of the Corporation of common shares of Arrow Exploration Ltd. by way of a return of capital (defined herein as the “**Return of Capital**”) valued at US\$20 million. In the event of a special distribution by the Corporation such as the Return of Capital, (a) the Option Plan provides that for each outstanding Option the exercise price will be reduced by such amount as determined by the Board, and (b) the RSU Plan provides for an increase in the value of the outstanding and vested RSUs by such amount as determined by the Board. All the then outstanding Options and the value of all of the then outstanding and vested RSUs were adjusted by an amount equal to \$0.08 effective October 3, 2018.
- (2) Calculated based on the difference between the closing price of \$3.75 per Common Share on the TSX on December 31, 2020, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) The value of share-based awards that have not vested has been calculated using the closing price of the Common Shares on December 31, 2020 of \$3.75.

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

The following table sets forth for each person who was a non-executive director during the last completed financial year of the Corporation, the value of option-based awards and the value of share-based awards which vested during the financial year ended December 31, 2020. No non-equity incentive plan compensation was earned during the financial year ended December 31, 2020 by the non-executive directors.

Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Shares-Based Awards - Value vested during the year (\$) ⁽²⁾
Michael Hibberd	Nil	110,607
David Winter	Nil	85,720
Gregory D. Elliott	Nil	82,160
Francisco Diaz	Nil	82,160

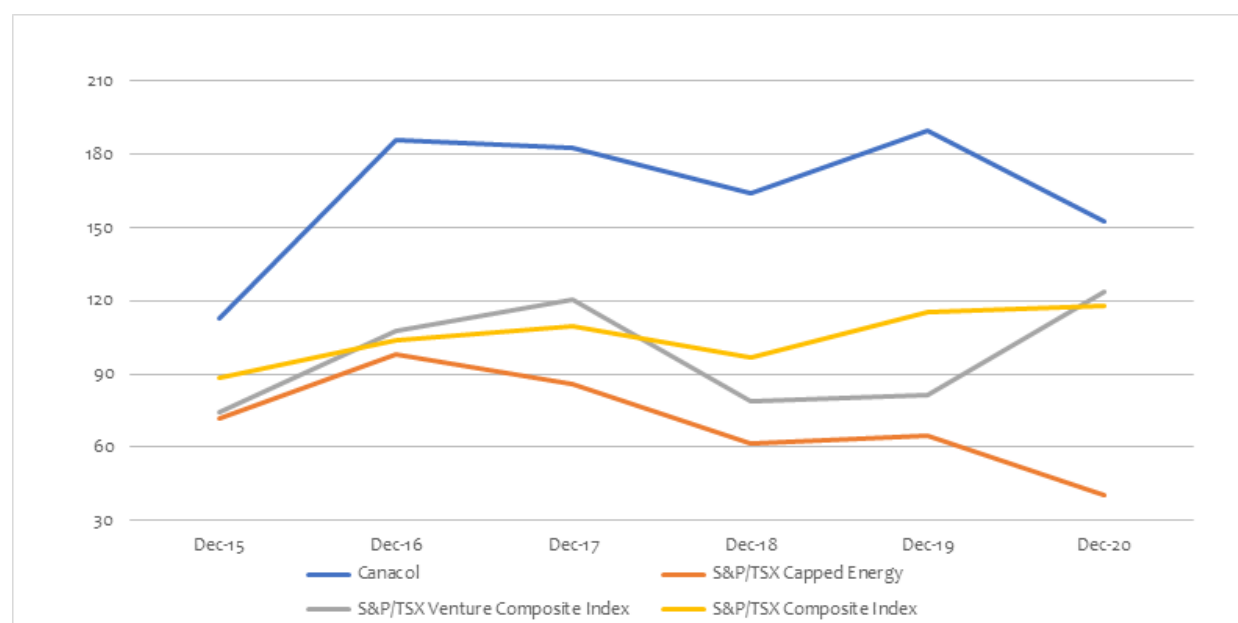
Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Shares-Based Awards - Value vested during the year (\$) ⁽²⁾
Oswaldo Cisneros	Nil	82,160
Gonzalo Fernández-Tinoco	Nil	83,940
Ariel Merenstein	Nil	Nil

Notes:

- (1) Based on the difference between the market price of the Options at the vesting date and the exercise price.
(2) Based on the number of RSUs multiplied by the market price of the underlying Common Shares on the vesting date.

Performance Graph

The following graph compares the change in the cumulative total shareholder return over the periods indicated of a \$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index, the S&P/TSX Capped Energy Index and the S&P/TSX Venture Composite Index, assuming the reinvestment of dividends, where applicable, for the comparable period.



The trend in the performance graph does not correlate to the trend of the compensation paid to the Named Executive Officers. As described under “*Compensation Discussion and Analysis*”, base salaries reflect each executive officer’s primary duties and responsibilities and are set at levels based on responsibility, experience and expertise as well as subjective factors such as leadership. The Corporation has concluded that management must be compensated based on competitive market conditions and the value of the services provided, irrespective of Common Share price movements. Options granted pursuant to the Option Plan and RSUs granted pursuant to the RSU Plan each form a significant portion of compensation, and therefore total compensation for the Named Executive Officers is affected by increases or decreases in the price of the Common Shares as the value of such Options and RSUs changes as the Corporation’s share price changes.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the equity compensation plans as at December 31, 2020.

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) ⁽¹⁾
Equity compensation plans approved by security holders	17,951,512	\$4.27	5,143,032
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	17,951,512	\$4.27	5,143,032

Note:

- (1) Based on outstanding 179,515,122 Common Shares as at December 31, 2020 and the number of Options and Equity Based RSUs outstanding at December 31, 2020. As at December 31, 2020, there were a total of 12,808,480 Options outstanding and no Equity Based RSUs outstanding, leaving a total of 5,143,032 remaining available for issue under the Option Plan and the RSU Plan. Pursuant to the Option Plan and the RSU Plan, the maximum number of Common Shares that may be subject to Options or Equity Based RSUs granted and outstanding thereunder at any time could not exceed 10% of the outstanding Common Shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets out the aggregate indebtedness to the Corporation and its subsidiaries, as at May 12, 2021, of the executive officers, directors, employees and former executive officers, directors and employees of the Corporation and its subsidiaries. As at May 12, 2021, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof.

Purpose	To Canacol or its Subsidiaries (\$)	To Another Entity (\$)
Common Share Purchases Related to Expiring Options	296,404	-

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The following table sets out for: (a) each individual who is, or at any time during the fiscal year ended December 31, 2020 was, a director or executive officer of the Corporation; (b) each proposed nominee for election as a director of the Corporation; and (c) each associate of any such director, executive officer or proposed nominee, the indebtedness of such person since January 1, 2020, to: (i) the Corporation or any of its subsidiaries; or (ii) another entity, if such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof, other than "routine indebtedness" as defined in NI 51-102.

Name and Principal Position	Involvement of Canacol or Subsidiary	Largest Amount Outstanding During Year End December 31, 2020 (\$)	Amount Outstanding as at May 12, 2021 (\$)	Financially Assisted Securities Purchases during 2020 (#)	Security for Indebtedness	Amount Forgiven During Year End December 31, 2020 (\$)
Securities Purchase Programs						
Charle Gamba President, CEO and Director	Lender	785,300 ⁽¹⁾	Nil	Nil	Common Shares	Nil
Michael Hibberd Chairman	Lender	194,394 ⁽¹⁾	199,148	Nil	Common Shares	Nil
Greg Elliott Director	Lender	94,935 ⁽¹⁾	97,256	Nil	Common Shares	Nil
Other Programs						
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

- (1) On January 3, 2020, the Corporation provided loans to Mr. Gamba, Mr. Hibberd and Mr. Elliott for the sole purpose of exercising Options to acquire Common Shares scheduled to expire in the period. Mr. Gamba's loan was repaid in full on February 25, 2020.

INTEREST OF MANAGEMENT AND INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors, proposed directors or executive officers of the Corporation, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any other informed person (as defined in NI 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the most recently completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of the 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 any matter to be acted on at the Meeting other than the election of directors.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR.

Also see “Audit Committee Information” in the Corporation’s annual information form for the financial year ended December 31, 2020, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including its mandate and composition and fees paid to the Corporation’s auditors.

A shareholder may contact the Corporation at Suite 2650, 585 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Chief Financial Officer, to obtain a copy of the Corporation’s most recent financial statements, management discussion and analysis and annual information form.

GENERAL

Unless otherwise directed, it is management’s intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

APPROVAL

The contents and sending of this Circular has been approved by the Board.

SCHEDULE A

OMNIBUS PLAN

(attached)



OMNIBUS LONG-TERM INCENTIVE PLAN

TABLE OF CONTENTS

ARTICLE 1 - DEFINITIONS.....	1
Section 1.1 Definitions.	1
ARTICLE 2 - PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS	5
Section 2.1 Purpose of the Plan.....	5
Section 2.2 Implementation and Administration of the Plan.	5
Section 2.3 Eligible Participants.....	6
Section 2.4 Shares Subject to the Plan.	6
Section 2.5 Participation Limits.....	7
Section 2.6 Termination of Employee, Director or Consultant.....	7
ARTICLE 3 - OPTIONS	8
Section 3.1 Nature of Options.....	8
Section 3.2 Option Awards.....	8
Section 3.3 Exercise Price.	8
Section 3.4 Expiry Date; Blackout Period.	9
Section 3.5 Option Agreement.....	9
Section 3.6 Exercise of Options.....	9
Section 3.7 Method of Exercise and Payment of Purchase Price.	9
ARTICLE 4 - DEFERRED SHARE UNITS	10
Section 4.1 Nature of DSUs.	10
Section 4.2 DSU Awards.....	10
Section 4.3 Redemption of DSUs.	11
ARTICLE 5 - SHARE UNITS	12
Section 5.1 Nature of Share Units.	12
Section 5.2 Share Unit Awards.....	12
Section 5.3 Performance Criteria and Performance Period Applicable to PSU Awards.	13
Section 5.4 Share Unit Vesting Determination Date.....	13
ARTICLE 6 - GENERAL CONDITIONS	13
Section 6.1 General Conditions applicable to Awards.....	13
Section 6.2 Dividend Share Units.	15
Section 6.3 Unfunded Plan.	15
ARTICLE 7 - ADJUSTMENTS AND AMENDMENTS	15
Section 7.1 Adjustment to Shares Subject to Outstanding Awards.....	15
Section 7.2 Amendment or Discontinuance of the Plan.	15
Section 7.3 Change of Control.....	17
ARTICLE 8 - MISCELLANEOUS	18
Section 8.1 Currency.....	18
Section 8.2 Sub-Plans.....	18
Section 8.3 Compliance and Award Restrictions.....	18
Section 8.4 Use of an Administrative Agent and Trustee.	19
Section 8.5 Tax Withholding.	19
Section 8.6 Reorganization of the Corporation.	20
Section 8.7 Governing Laws.	20
Section 8.8 Successors and Assigns.....	20
Section 8.9 Severability.....	20
Section 8.10 No Liability.....	20
Section 8.11 Effective Date of the Plan.	20

OMNIBUS LONG-TERM INCENTIVE PLAN

Canacol Energy Ltd. (the "**Corporation**") hereby establishes an Omnibus Long-Term Incentive Plan for certain qualified directors, officers, employees and Consultants (as defined herein), providing ongoing services to the Corporation and/or its Subsidiaries (as defined herein) that can have a significant impact on the Corporation's long-term results.

ARTICLE 1 - DEFINITIONS

Section 1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"active employment" means the period in which a Participant who is an employee of the Corporation or an Affiliate performs work for the Corporation or an Affiliate. For certainty, "active employment", unless otherwise agreed in writing, shall be deemed to only include any period constituting the minimum notice of termination period that is required to be provided to an employee Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows the later of the end of the statutory notice period or the employee Participant's last day of performing work for the Corporation or an Affiliate;

"Affiliates" has the meaning given to this term in the *Securities Act* (Alberta), as such legislation may be amended, supplemented or replaced from time to time;

"Award Agreement" means, individually or collectively, an Option Agreement, RSU Agreement, PSU Agreement and/or DSU Agreement, as the context requires;

"Awards" means Options, RSUs, PSUs and/or DSUs granted to a Participant pursuant to the terms of the Plan;

"Black-Out Period" means the period of time during which, pursuant to any policies or determinations of the Corporation or applicable law, securities of the Corporation may not be traded by Insiders or other specified persons;

"Board" means the board of directors of the Corporation as constituted from time to time;

"Broker" has the meaning ascribed thereto in Section 3.7(2) hereof;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Calgary, Alberta, Canada for the transaction of banking business;

"Cancellation" has the meaning ascribed thereto in Section 2.4(1) hereof;

"Cash Equivalent" means:

- (a) in the case of Share Units, the amount of money equal to the Market Value multiplied by the number of vested Share Units in the Participant's Account, net of any applicable taxes in accordance with Section 8.5, on the Share Unit Settlement Date;
- (b) in the case of DSU Awards, the amount of money equal to the Market Value multiplied by the whole number of DSUs then recorded in the Participant's Account which the Eligible Director requests to redeem pursuant to the DSU Redemption Notice, net of any applicable taxes in accordance with

Section 8.5, on the date the Corporation receives, or is deemed to receive, the DSU Redemption Notice;

"Change of Control" means unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (a) any transaction (other than a transaction described in clause (b) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities entitled to vote in the election of directors of the Corporation, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Corporation under any of the Corporation's equity incentive plans;
- (b) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;
- (c) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation's assets to a person other than a person that was an Affiliate of the Corporation at the time of such sale, lease, exchange, license or other disposition;
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement);
- (e) individuals who, on the Effective Date, are members of the Board (the **"Incumbent Board"**) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of the Plan, be considered as a member of the Incumbent Board; or
- (f) any other matter determined by the Board to be a Change of Control;

"Code of Conduct" means any code of ethics adopted by the Corporation, as modified from time to time;

"Consultant" means a Person (including an individual whose services are contracted for or through another Person) with whom the Company or a Subsidiary has a contract for services;

"Corporation" means Canacol Energy Ltd.;

"disability" has the meaning attributed thereto in the Participant's Employment Agreement or written agreement with the Corporation or an Affiliate and if there is no such defined term or agreement, means

the Participant's inability to substantially fulfil his or her duties on behalf of the Corporation as a result of illness or injury for a continuous period of nine (9) months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period;

"Dividend Share Units" has the meaning ascribed thereto in Section 6.2 hereof;

"DSU" means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited to a Participant's Account in accordance with Article 4 hereof;

"DSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of DSUs and the terms and conditions thereof, substantially in the form set out in Schedule A, or such other form as the Board may approve from time to time;

"DSU Redemption Deadline" has the meaning ascribed thereto in Section 4.3(1) hereof;

"DSU Redemption Notice" has the meaning ascribed thereto in Section 4.3(1) hereof;

"Eligible Directors" means members of the Board who, at the time of execution of an Award Agreement, if applicable, and at all times thereafter while they continue to serve as a member of the Board, are not officers or employees of the Corporation or a Subsidiary;

"Eligible Participants" has the meaning ascribed thereto in Section 2.3(1) hereof;

"Employment Agreement" means, with respect to any Participant, any employment agreement between the Corporation or a Subsidiary and such Participant;

"Exercise Notice" means a notice in writing signed by a Participant and stating the Participant's intention to exercise or settle a particular Award, if applicable;

"Exercise Price" has the meaning ascribed thereto in Section 3.2 hereof;

"Expiry Date" has the meaning ascribed thereto in Section 3.4 hereof;

"Insider" means a "reporting insider" of the Corporation as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the TSX Company Manual in respect of the rules governing security-based compensation arrangements, as amended from time to time;

"Market Value" means at any date when the market value of Shares of the Corporation is to be determined, the closing price of the Shares on the trading day prior to such date on the TSX, or, if the Shares are not listed on the TSX at the relevant time, such other stock exchange upon which the Shares are then listed, or if the Shares of the Corporation are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with Canadian tax law;

"Option" means an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, but subject to the provisions hereof;

"Option Agreement" means a written notice from the Corporation to a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Schedule B, or such other form as the Board may approve from time to time;

"Participants" means Eligible Participants that are granted Awards under the Plan;

"Participant's Account" means an account maintained to reflect each Participant's participation in RSUs, PSUs and/or DSUs under the Plan;

"Performance Criteria" means criteria established by the Board which, without limitation, may include criteria based on the Participant's personal performance, the financial performance of the Corporation and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Awards, when applicable;

"Performance Period" means the period determined by the Board pursuant to Section 5.3 hereof;

"Person" means, without limitation, an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a trustee executor, administrator, or other legal representative, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time, including, for greater certainty, any sub-plan adopted by the Board in accordance with Section 8.2 hereof;

"PSU" means a performance share unit awarded to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 5 hereof and subject to the terms and conditions of the Plan;

"PSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of PSUs and the terms and conditions thereof, substantially in the form set out in Schedule C, or such other form as the Board may approve from time to time;

"Regulatory Authorities" means the TSX and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

"RRIF" means a registered retirement income fund (as defined in the Tax Act);

"RRSP" means a registered retirement savings plan (as defined in the Tax Act);

"RSU" means a restricted share unit awarded to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 5 hereof and subject to the terms and conditions of the Plan;

"RSU Agreement" means a written notice from the Corporation to a Participant evidencing the grant of RSUs and the terms and conditions thereof, substantially in the form set out in Schedule C, or such other form as the Board may approve from time to time;

"Share Compensation Arrangement" means a stock option, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Participants of the Corporation or a Subsidiary, including this Plan. For greater certainty, a "Share Compensation Arrangement" does not include a security-based compensation arrangement used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Corporation;

"Shares" means the common shares in the capital of the Corporation;

"Share Unit" means a RSU and/or PSU, as the context requires;

"Share Unit Settlement Notice" means a notice by a Participant to the Corporation electing the desired form of settlement of vested RSUs or PSUs;

"Share Unit Vesting Determination Date" has the meaning described thereto in Section 5.4 hereof;

"Subsidiary" means a company, partnership or other body corporate that is controlled, directly or indirectly, by the Corporation;

"Surrender" has the meaning ascribed thereto in Section 3.7(3);

"Surrender Notice" has the meaning ascribed thereto in Section 3.7(3);

"Tax Act" means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

"Termination Date" means: (a) with respect to a Participant who is an employee or officer of the Corporation or a Subsidiary, such Participant's last day of active employment; (b) with respect to a Participant who is a Consultant, the date such Consultant ceases to provide services to the Corporation or a Subsidiary; and (c) with respect to a Participant who is a Eligible Director, the date such Person ceases to be a director of the Corporation or Subsidiary, effective on the last day of the Participant's actual and active Board membership whether such day is selected by agreement with the individual, unilaterally by the Corporation and whether with or without advance notice to the Participant, provided that if an Eligible Director becomes an employee of the Corporation or any of its Subsidiaries, such Participant's Termination Date will be such Participant's last day of active employment, and **"Terminate"** and **"Terminated"** have corresponding meanings;

"TFSA" means a tax free savings account (as defined in the Tax Act);

"Trading Day" means any day on which the TSX is opened for trading;

"transfer" includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, lien, charge, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing and **"transferred"**, **"transferring"** and similar variations have corresponding meanings; and

"TSX" means the Toronto Stock Exchange.

ARTICLE 2 - PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Participants with additional incentives; (ii) encouraging share ownership by such Eligible Participants; (iii) increasing the proprietary interest of Eligible Participants in the success of the Corporation; (iv) promoting growth and profitability of the Corporation; (v) encouraging Eligible Participants to take into account long-term corporate performance; (vi) rewarding Eligible Participants for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhancing the Corporation's ability to attract, retain and motivate Eligible Participants.

Section 2.2 Implementation and Administration of the Plan.

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee of the Board and/or any member of the Board. In such circumstances, all references to the term "Board" in this Plan will be deemed to be references to the such committee and/or member of the Board, except as may otherwise be determined by the Board.
- (2) Subject to the terms and conditions set forth in the Plan, the Board shall have the sole and absolute discretion to: (a) designate Participants; (b) determine the type, size, and terms, and conditions of Awards to be granted; (c) determine the method by which an Award may be settled, exercised, canceled, forfeited, or suspended; (d) determine the circumstances under which the delivery of cash with respect to an Award may be deferred either automatically or at the Participant's or the Board's election; (e) interpret and administer, reconcile any inconsistency in, correct any defect in,

and supply any omission in the Plan and any Award granted under, the Plan; (f) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Board shall deem appropriate for the proper administration of the Plan; (g) accelerate the vesting, delivery, or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards; and (h) make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan or to comply with any applicable law.

- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan, any Award Agreement or other document or any Awards granted pursuant to the Plan.
- (4) The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation as the Board determines.
- (5) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing any Award granted pursuant to the Plan shall be within the sole discretion of the Board, may be made at any time, and shall be final, conclusive, and binding upon all persons or entities, including, without limitation, the Corporation, any Subsidiary, any Participant, any holder or beneficiary of any Award, and any shareholder of the Corporation.

Section 2.3 Eligible Participants.

- (1) The Persons who shall be eligible to receive Options, RSUs and PSUs shall be the officers, employees, directors or Consultants of or to the Corporation or a Subsidiary, providing ongoing services to the Corporation and/or its Subsidiaries, and the Persons who shall be eligible to receive DSUs shall be the Eligible Directors (collectively, "**Eligible Participants**").
- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship, employment or appointment with the Corporation or a Subsidiary.
- (3) Notwithstanding any express or implied term of the Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment, a contract for services or appointment by the Corporation or a Subsidiary.

Section 2.4 Shares Subject to the Plan.

- (1) Subject to Section 2.4(2) and to adjustment pursuant to provisions of Article 7 hereof, the total number of Shares issuable from treasury reserved and available for grant and issuance pursuant to Awards under the Plan or pursuant to awards under any other established Share Compensation Arrangement, shall not exceed ten percent (10%) of the total issued and outstanding Shares from time to time, or such other number as may be approved by the TSX and the shareholders of the Corporation from time to time. For the purposes of this Section 2.4(1), in the event that the Corporation cancels or purchases to cancel any of its issued and outstanding Shares ("**Cancellation**") and as a result of such Cancellation, the Corporation exceeds the limit set out in this Section 2.4(1), no approval of the Corporation's shareholders will be required for the issuance of Shares on the exercise or settlement of any Awards which were granted prior to such Cancellation. No more than one percent (1%) of the total issued and outstanding Shares of the Corporation (on a non-diluted basis) from time to time, shall be reserved and available for grant and issuance pursuant to Awards to the Eligible Directors. For greater certainty, the Shares reserved and available for grant and issuance to the Eligible Directors, shall be included in the total number of Shares generally available for grant and issuance pursuant to Awards pursuant to this Section 2.4(1). The Plan is considered an "evergreen" plan, since the Shares covered by Awards which have been exercised shall be available for subsequent grants under the Plan and the number

of Awards available to grant increases as the number of issued and outstanding Shares increases from time to time.

- (2) For greater certainty, any issuance from treasury by the Corporation that is or was issued in reliance upon an exemption under applicable stock exchange rules applicable to security based compensation arrangements used as an inducement to Persons not previously employed by and not previously an Insider of the Corporation shall not be included in determining the maximum Shares reserved and available for grant and issuance under Section 2.4(1).
- (3) Shares in respect of which an Award is exercised, granted under the Plan (or any other Share Compensation Arrangement) but not exercised prior to the termination of such Award, not vested or settled prior to the termination of such Award due to the expiration, termination, cancellation or lapse of such Award, or settled in cash in lieu of settlement in Shares, shall, in each case, be available for Awards to be granted thereafter pursuant to the provisions of the Plan. All Shares issued from treasury pursuant to the exercise or the vesting of the Awards granted under the Plan shall, when the applicable Exercise Price, if any, is received by the Corporation in connection therewith, be so issued as fully paid and non-assessable Shares.
- (4) The aggregate equity value of DSUs that are eligible to be settled in Shares granted to an Eligible Director, within a one-year period, pursuant to all Share Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$150,000 and the aggregate equity value of Options that can be granted to an Eligible Director, within a one-year period, pursuant to all Share Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$100,000.

Section 2.5 Participation Limits.

Subject to adjustment pursuant to provisions of Article 7 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period, and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis. Any Awards granted pursuant to the Plan to a Participant prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this Section 2.5.

Section 2.6 Termination of Employee, Director or Consultant.

- (1) Subject to a written Employment Agreement or a written consulting agreement of a Participant or an Award Agreement, and as otherwise determined by the Board in its sole discretion, each Award shall be subject to the following conditions:
 - (a) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for "cause", all unexercised vested or unvested Awards granted to such Participant shall terminate on the Termination Date as specified in the notice of termination. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for cause shall be binding on the Participant. Subject to the terms of the Employment Agreement, "cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Code of Conduct and any reason determined by the Corporation to be cause for termination; provided that, in respect of a termination for cause, in the event that an Alberta employee Participant's conduct or actions giving rise to cause does not constitute wilful misconduct, disobedience or wilful neglect of duty, in each case, that is not trivial and has not been condoned by the Corporation or an applicable Affiliate, the Alberta employee Participant shall be entitled to such minimum statutory entitlements in respect of the incentive compensation or any other applicable rights pursuant to this Plan to the end of the statutory notice period as may be required by applicable employment standards legislation.

- (b) **Resignation, Retirement and Termination other than for Cause.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, retirement or termination other than for "cause", as applicable, subject to any later expiration dates determined by the Board: (i) all Options shall expire on the earlier of ninety (90) days after the effective date of such Termination Date or the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such Termination Date, and all unexercised unvested Options granted to such Participant shall terminate on the effective date of such Termination Date; and (ii) all vested RSUs, PSUs or DSUs granted to such Participant shall be paid out in accordance with their terms and all RSUs, PSUs or DSUs which have not become vested prior to the Termination Date shall terminate on the effective date of such Termination Date.
 - (c) **Death or Disability.** In the case of a Participant ceasing to be an Eligible Participant due to death or disability, as applicable, subject to any later expiration dates determined by the Board: (i) all unexercised unvested Options granted to such Participant shall be deemed to have vested immediately on the effective date of such death or disability and all Options shall expire on the earlier of twelve (12) months after the effective date of such death or disability, or the expiry date of such Option; and (ii) all unvested RSUs, PSUs or DSUs standing to the credit of such Participant shall be deemed to have vested immediately on the effective date of such death or disability and all RSUs, PSUs or DSUs shall be paid out in accordance with their terms.
- (2) For the avoidance of doubt, subject to applicable employment standards legislation, a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any awards or compensation which would have vested or been granted after the Termination Date including but not limited to damages in lieu of notice at common law.

ARTICLE 3 - OPTIONS

Section 3.1 Nature of Options.

Each Option is an option granted by the Corporation to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, subject to the provisions hereof.

Section 3.2 Option Awards.

- (1) The Board shall, from time to time, in its sole discretion, (a) designate the Eligible Participants who may receive Options under the Plan, (b) determine the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (c) determine the price per Share to be payable upon the exercise of each such Option (the "**Exercise Price**"), (d) determine the relevant vesting provisions (including Performance Criteria, if applicable) and (e) determine the Expiry Date, the whole subject to the terms and conditions prescribed in the Plan, in any Option Agreement and any applicable rules of the TSX and any other stock exchange on which the Shares are listed or posted for trading.
- (2) All Options granted herein shall vest in accordance with the terms of the resolutions of the Board approving such Options and the terms of the Option Agreement entered into in respect of such Options.

Section 3.3 Exercise Price.

The Exercise Price for any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of the Shares underlying the Option at the time of the grant.

Section 3.4 Expiry Date; Blackout Period.

Subject to Section 7.2, each Option must be exercised no later than five (5) years after the date the Option is granted or such shorter period as set out in the Participant's Option Agreement, at which time such Option will expire (the "**Expiry Date**"). Notwithstanding any other provision of the Plan, should the expiration date for an Option fall within a Black-Out Period or within nine (9) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. In the event there is a subsequent Black-Out Period prior to the tenth Business Day after the end of the previous Black-Out Period, the expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the subsequent Black-Out Period and such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan.

Section 3.5 Option Agreement.

Each Option must be confirmed by an Option Agreement. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

Section 3.6 Exercise of Options.

- (1) Subject to the provisions of the Plan, a Participant shall be entitled to exercise an Option granted to such Participant, subject to vesting limitations which may be imposed by the Board at the time such Option is granted and set out in the Option Agreement.
- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board may determine in its sole discretion.
- (3) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 7.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 3.7 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.6 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering an exercise notice substantially in the form appended to the Option Agreement (an "**Exercise Notice**") to the Corporation in the form and manner determined by the Board from time to time, together with a bank draft, certified cheque, wire transfer or other form of payment acceptable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and any applicable tax withholdings.
- (2) Pursuant to the Exercise Notice, and subject to the approval of the Board, a Participant may be given the opportunity to undertake a "cashless exercise" with the assistance of a broker (the "**Broker**") in order to facilitate the exercise of such Participant's Options. The "cashless exercise" procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an

Exercise Notice and any applicable tax withholdings. Pursuant to the Exercise Notice, the Participant may authorize the Broker to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Corporation to satisfy the Exercise Price and any applicable tax withholdings, promptly following which the Corporation shall issue the Shares underlying the number of Options as provided for in the Exercise Notice.

- (3) In addition, in lieu of exercising any vested Option in the manner described in this Section 3.7(1) or Section 3.7(2), and pursuant to the terms of this Section 3.7(3) but subject to Section 3.6(3), a Participant may, by surrendering an Option ("**Surrender**") with a properly endorsed notice of Surrender to the Chief Financial Officer of the Corporation, substantially in the form appended to the Option Agreement (a "**Surrender Notice**"), elect to receive that number of Shares or cash calculated using the following formula, subject to acceptance of such Surrender Notice by the Board and provided that arrangements satisfactory to the Corporation have been made to pay any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Shares or the cash payment, as applicable, to be issued or made to the Participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued or no cash payment shall be made, as applicable;

Y = the number of Shares underlying the Options to be Surrendered;

A = the Market Value of the Shares as at the date of the Surrender; and

B = the Exercise Price of such Options.

- (4) No share certificates shall be issued and no person shall be registered in the share register of the Corporation as the holder of Shares until actual receipt by the Corporation of an Exercise Notice and payment for the Shares to be purchased.
- (5) Upon the exercise of an Option pursuant to Section 3.7(1) or Section 3.7(3), the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to deliver to the Participant (or as the Participant may otherwise direct) such number of Shares as the Participant shall have then paid for and as are specified in such Exercise Notice.

ARTICLE 4 - DEFERRED SHARE UNITS

Section 4.1 Nature of DSUs.

A DSU is a unit granted to Eligible Directors representing the right to receive a Share or the Cash Equivalent, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing service as a Eligible Director (or other service relationship), vesting terms and/or achievement of pre-established Performance Criteria.

Section 4.2 DSU Awards.

- (1) Subject to the Corporation's director compensation policy determined by the Board from time to time, each Eligible Director may receive all or a portion his or her compensation in the form of a grant of DSUs in each fiscal year.

- (2) Each DSU must be confirmed by a DSU Agreement that sets forth the terms, conditions and limitations for each DSU and may include, without limitation, the vesting and terms of the DSUs and the provisions applicable on a Termination Date, and shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting DSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (3) Any DSUs that are awarded to a Eligible Director who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or to meet requirements of paragraph 6801(d) of the Income Tax Regulations adopted under the Tax Act (or any successor to such provisions).
- (4) Subject to vesting and other conditions and provisions set forth herein and in the DSU Agreement, the Board shall determine whether each DSU awarded to a Eligible Director shall entitle the Eligible Director, net of any applicable taxes in accordance with Section 8.5:
 - (a) to receive one Share issued from treasury;
 - (b) to receive the Cash Equivalent of one Share;
 - (c) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on redemption;
 - (d) to entitle the Eligible Director to elect to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares; or
 - (e) to receive one Share purchased on the open market for the Eligible Director, through a Broker. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Eligible Director, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Eligible Director is entitled and the Broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Eligible Director, on the TSX (or other stock exchange on which the Shares are listed or traded).

Section 4.3 Redemption of DSUs.

- (1) Each Eligible Director shall be entitled to redeem his or her DSUs during the period commencing on the Business Day immediately following the Termination Date and ending on the date that is not later than the 90th day following the Termination Date, or such shorter redemption period set out in the relevant DSU Agreement (the "**DSU Redemption Deadline**"), by providing a written notice of settlement to the Corporation setting out the number of DSUs to be settled and the particulars regarding the registration of the Shares issuable upon settlement, if applicable (the "**DSU Redemption Notice**"). In the event of the death of an Eligible Director, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Eligible Director.
- (2) If a DSU Redemption Notice is not received by the Corporation on or before the DSU Redemption Deadline, the Eligible Director shall be deemed to have delivered a DSU Redemption Notice on the DSU Redemption Deadline and, if not otherwise set out in the DSU Agreement, the Board shall determine the number of DSUs to be settled by way of Shares, the Cash Equivalent or a combination of Shares and the Cash Equivalent and delivered to the Eligible Director, administrator or liquidator of the estate of the Eligible Director, as applicable.

- (3) Subject to Section 8.5 and the DSU Agreement, settlement of DSUs shall take place promptly following the Corporation's receipt or deemed receipt of the DSU Redemption Notice through:
- (a) in the case of settlement DSUs for their Cash Equivalent, delivery of bank draft, certified cheque, wire transfer or other acceptable form of payment to the Eligible Director representing the Cash Equivalent;
 - (b) in the case of settlement of DSUs for Shares, delivery of a Share to the Eligible Director; or
 - (c) in the case of settlement of DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

ARTICLE 5 - SHARE UNITS

Section 5.1 Nature of Share Units.

A Share Unit is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

Section 5.2 Share Unit Awards.

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time, in its sole discretion, (a) designate the Eligible Participants who may receive RSUs and/or PSUs under the Plan, (b) fix the number of RSUs and/or PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs and/or PSUs shall be granted, and (c) determine the relevant conditions and vesting provisions (including, in the case of PSUs, the applicable Performance Period and Performance Criteria, if any) of such RSUs and/or PSUs, the whole subject to the terms and conditions prescribed in the Plan and in any RSU Agreement or PSU Agreement, as applicable.
- (2) Each RSU must be confirmed by an RSU Agreement that sets forth the terms, conditions and limitations for each RSU and may include, without limitation, the vesting and terms of the RSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the RSUs will comply with any provisions respecting RSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (3) Each PSU must be confirmed by a PSU Agreement that sets forth the terms, conditions and limitations for each PSU and may include, without limitation, the applicable Performance Period and Performance Criteria, vesting and terms of the PSUs and the provisions applicable in the event employment or service terminates, and shall contain such terms that may be considered necessary in order that the PSUs will comply with any provisions respecting PSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.
- (4) Any RSUs or PSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or in such other manner to ensure that such award is not a "salary deferral arrangement" as defined in the Tax Act (or any successor to such provisions).

- (5) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement and/or PSU Agreement, the Board shall determine whether each RSU and/or PSU awarded to a Participant shall entitle the Participant, net of any applicable taxes in accordance with Section 8.5:
- (a) to receive one Share issued from treasury;
 - (b) to receive the Cash Equivalent of one Share;
 - (c) to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares, as the Board may determine in its sole discretion on settlement;
 - (d) to elect to receive either one Share from treasury, the Cash Equivalent of one Share or a combination of cash and Shares; or
 - (e) to receive one Share purchased on the open market for the Participant, through a Broker. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Participant, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Participant is entitled and the Broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Participant, on the TSX (or other stock exchange on which the Shares are listed or traded).
- (6) The applicable settlement period in respect of a particular Share Unit shall be determined by the Board. Except as otherwise provided in the Award Agreement or any other provision of the Plan, all vested RSUs and PSUs shall be settled as soon as practicable following the Share Unit Vesting Determination Date (as defined in Section 5.4) but in all cases prior to: (a) three (3) years following the date of grant of Share Unit, if such Share Unit are settled by payment of Cash Equivalent or Shares purchased on the open market, or (b) five (5) years following the date of grant of Share Unit, if such Share Unit are settled by issuance of Shares from treasury. Following the receipt of such settlement, the PSUs and RSUs so settled shall be of no value whatsoever and shall be removed from the Participant's Account.

Section 5.3 Performance Criteria and Performance Period Applicable to PSU Awards.

- (1) For each award of PSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the PSUs held by such Participant (the "**Performance Period**").
- (2) For each award of PSUs, the Board shall establish any Performance Criteria and other vesting conditions for a Participant to be entitled to receive Shares in exchange for his or her PSUs.

Section 5.4 Share Unit Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU and/or PSU have been met (the "**Share Unit Vesting Determination Date**"), and as a result, establishes the number of RSUs and/or PSUs that become vested, if any.

ARTICLE 6 - GENERAL CONDITIONS

Section 6.1 General Conditions applicable to Awards.

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment and Consulting Services** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ or in a consulting services role in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) **No Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares.
- (3) **Conformity to Plan** - In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Transfers** - A Participant may not transfer or assign an Award, including by operation of law, except:
 - (a) to a RRIF, RRSP or TFSA, of which the Participant is and remains the annuitant;
 - (b) to a corporation, of which the Participant is and remains the sole shareholder;
 - (c) to the Participant from the transferee of an Award described in under paragraphs (a) and (b); and
 - (d) on the death of the Participant, by will or applicable laws of succession.

A Participant must give prior written notice to the Corporation for any transfer under paragraphs (a), (b) and (c).
- (5) **Exercise of Awards** - Awards may be exercised only by:
 - (a) the Participant to whom the Awards were granted;
 - (b) the transferee of an Award described in Sections (a) and (b);
 - (c) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant,

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Award.
- (6) **No Guarantee** - For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any Awards in the future nor shall it entitle the Participant to receive future grants. No amount will be paid to or in respect of a Participant under the Plan or pursuant to any other arrangement, and no Awards will be granted to such Participant to

compensate for any downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon or in respect of the Participant for such purpose.

- (7) **Acceptance of Terms** - Participation in the Plan by any Participant shall be construed as acceptance of the terms and conditions of the Plan by the Participant and as to the Participant's agreement to be bound thereby.

Section 6.2 Dividend Share Units.

When dividends (other than stock dividends) are paid on Shares, Participants shall receive additional DSUs, RSUs and/or PSUs, as applicable ("**Dividend Share Units**") as of the dividend payment date. The number of Dividend Share Units to be granted to the Participant shall be determined by multiplying the aggregate number of DSUs, RSUs and/or PSUs, as applicable, held by the Participant on the relevant record date by the amount of the dividend paid by the Corporation on each Share, and dividing the result by the Market Value on the dividend payment date, which Dividend Share Units shall be in the form of DSUs, RSUs and/or PSUs, as applicable. Dividend Share Units granted to a Participant in accordance with this Section 6.2 shall be subject to the same vesting conditions and settlement terms as applicable to the related DSUs, RSUs and/or PSUs in accordance with the respective Award Agreement.

Section 6.3 Unfunded Plan.

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

ARTICLE 7 - ADJUSTMENTS AND AMENDMENTS

Section 7.1 Adjustment to Shares Subject to Outstanding Awards.

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion, subject to the approval of any applicable Regulatory Authority and provided the adjustments are not adverse to the Participants, may deem appropriate to reflect such change (for the purpose of preserving the value of the Awards), with respect to (a) the number or kind of Shares or other securities reserved for issuance pursuant to the Plan; (b) the number or kind of Shares or other securities subject to unexercised Awards previously granted and the exercise price of those Awards provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares. The existence of any Awards does not affect in any way the right or power of the Corporation or an Affiliate or any of their respective shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the capital structure or the business of, or any amalgamation, merger or consolidation involving, to create or issue any bonds, debentures, shares or other securities of, or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of or any sale or transfer of all or any part of the assets or the business of, or to effect any other corporate act or proceeding relating to, whether of a similar character or otherwise, the Corporation or such Affiliate, whether or not any such action would have an adverse effect on the Plan or any Award granted hereunder.

Section 7.2 Amendment or Discontinuance of the Plan.

- (1) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Award granted under the Plan and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:

- (a) not materially adversely alter or impair any Award previously granted except as permitted by the terms of the Plan or upon the consent of the applicable Participant(s); and
 - (b) be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Corporation and of the TSX or any other stock exchange upon which the Corporation has applied to list its Shares.
- (2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights awarded or granted under the Plan remain outstanding and, notwithstanding the termination of the Plan, the Board will have the ability to make such amendments to the Plan or the Awards as they would have been entitled to make if the Plan were still in effect.
- (3) Subject to Section 7.2(4), the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Plan or any Award that do not require the approval of shareholders under Section 7.2(1) which may include but are not limited to:
 - (a) a change to the vesting provisions of this Plan and any Award granted under the Plan;
 - (b) a change to the provisions governing the effect of termination of a Participant's employment, contract or office;
 - (c) a change to accelerate the date on which any Award may be exercised under the Plan;
 - (d) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of any exchange upon which the securities of the Corporation are then listed or any other Regulatory Authority;
 - (e) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
 - (f) any amendment regarding the administration of the Plan; or
 - (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX or any other stock exchange upon which the Corporation has applied to list its Shares.
- (4) Notwithstanding the foregoing or any other provision of the Plan, shareholder approval is required for the following amendments to the Plan:
 - (a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to Awards granted under the Plan, other than an adjustment pursuant to Section 7.1;
 - (b) any reduction in the exercise price of an Award including cancellation and reissuance of an Award, except in the case of an adjustment pursuant to Section 7.1;
 - (c) any extension of the Expiration Date of an Award, except in case of an extension due to a Black-Out Period;
 - (d) any amendment to remove or to exceed the insider participation limit set out in Section 2.5;

- (e) any amendment to remove or to exceed the Eligible Director limits set out in Section 2.4(1) or Section 2.4(4);
- (f) any amendment to Section 6.1(4); and
- (g) any amendment to Section 7.2(3) or Section 7.2(4) of the Plan.

Section 7.3 Change of Control.

- (1) Despite any other provision of the Plan, but subject to Section 7.2(3), in the event of a Change of Control, all unvested Awards then outstanding will, as applicable, be substituted by or replaced with awards of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "**continuing entity**") on the same terms and conditions as the original Awards, subject to appropriate adjustments that do not diminish the value of the original Awards.
- (2) If, upon a Change of Control, the continuing entity fails to comply with Section 7.3(1), the vesting of all then outstanding Awards (and, if applicable, the time during which such Awards may be exercised) will be accelerated in full.
- (3) No fractional Shares or other security will be issued upon the exercise of any Award and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Share or other security, such participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) Despite anything else to the contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Awards to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board has the power, in its sole discretion, to accelerate the vesting of Awards and to permit Participants to conditionally exercise their Awards, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 7.3(4) is not completed within the time specified (as the same may be extended), then despite this Section 7.3(4) or the definition of "Change of Control", (a) any conditional exercise of vested Awards will be deemed to be null, void and of no effect, and such conditionally exercised Awards will for all purposes be deemed not to have been exercised, and (b) Awards which vested pursuant to this Section 7.3(4) will be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares and the original terms applicable to such Awards will be reinstated.
- (5) If the Board has, pursuant to the provisions of Section 7.3(4) permitted the conditional exercise of Awards in connection with a potential Change of Control, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control and on such terms as it sees fit, any Awards not exercised (including all vested and unvested Awards).

ARTICLE 8 - MISCELLANEOUS

Section 8.1 Currency.

Unless otherwise specifically provided, all references to dollars in the Plan are references to Canadian dollars.

Section 8.2 Sub-Plans.

The Board may, from time to time, establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board will establish such sub-plans by adopting supplements to this Plan containing (a) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable, or (b) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction and the Corporation will not be required to provide copies of any supplements to Participants in any jurisdiction which is not subject to such supplement.

Section 8.3 Compliance and Award Restrictions.

- (1) The Corporation's obligation to issue and deliver Shares under any Award is subject to: (a) the completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (b) the admission of such Shares to listing on any stock exchange on which such Shares may then be listed; and (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. The Corporation shall take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which such Shares are then listed.
- (2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Awards will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Corporation.
- (4) The Corporation is not obliged by any provision of the Plan or the grant of any Award under the Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals.
- (5) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate and, if applicable, any funds paid to the Corporation in connection with the exercise of any Options will be returned to the applicable Participant as soon as practicable.
- (6) At the time a Participant ceased to hold Awards which are or may become exercisable, the Participant ceases to be a Participant.

- (7) Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or any other Person, subject to any required regulatory, shareholder or other approval.

Section 8.4 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

Section 8.5 Tax Withholding.

- (1) Notwithstanding any other provision of the Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 8.4 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Corporation shall not be required to issue any Shares or make payments under this Plan until arrangements satisfactory to the Corporation have been made for payment of all applicable withholdings obligations.
- (2) The sale of Shares by the Corporation, or by a Broker, under Section 8.5(1) or under any other provision of the Plan will be made on the TSX (or any other stock exchange on which the Shares are listed or posted for trading). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale. The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Award and/or transactions in the Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under the Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.
- (4) Notwithstanding Section 8.5(1), the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

Section 8.6 Reorganization of the Corporation.

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 8.7 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 8.8 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Corporation and a Participant, including without limitation, the personal legal representatives of a Participant, or any receiver or trustee in bankruptcy or representative of the Corporation's or Participant's creditors.

Section 8.9 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Section 8.10 No Liability.

No member of the Board, or any committee or other subdelegate shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.

Section 8.11 Effective Date of the Plan.

The Plan was approved by the Board and shall take effect on May 17, 2021.

SCHEDULE A
FORM OF ELIGIBLE DIRECTOR DSU AWARD AGREEMENT

CANACOL ENERGY LTD.
DSU AWARD AGREEMENT

This DSU Award Agreement (this "**Agreement**"), dated as of ●, is made by and between Canacol Energy Ltd. (the "**Corporation**") and ● (the "**Grantee**").

WHEREAS, the Corporation has adopted the Omnibus Long-Term Incentive Plan (as may be amended from time to time, the "**Plan**");

AND WHEREAS, the Board has determined that the directors of the Corporation may elect to receive a portion of his or her then current annual Board compensation in the form of a grant of DSUs (as defined in the Plan) in each fiscal year (the "**Director's Remuneration**").

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and for their successors and assigns, hereby agree as follows:

1. **Grant of DSUs.**

- (a) **Grant.** The portion or percentage of the Director's Remuneration credited as DSUs for the fiscal year shall be determined on the first business day following the last day of each fiscal quarter of such fiscal year for which the Grantee's Director's Remuneration is payable and with respect to which such deferral election, if any, is effective (with respect to each such quarter, the "**Date of Grant**"), and shall equal a number of DSUs, rounded down to the nearest whole number, determined by dividing the dollar amount of such Director's Remuneration so deferred for such quarter by the Market Value (as defined in the Plan) of one Share as of such Date of Grant. All DSUs to be credited to the Grantee shall be subject to the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. DSUs shall be credited to a separate book-entry account maintained on the books of the Corporation for the Grantee.
- (b) **Incorporation by Reference, Etc.** The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules, and regulations promulgated by the Board from time to time pursuant to the Plan. In the event of any inconsistency or conflict between the provisions of the Plan and any this Agreement, the provisions of the Plan shall prevail. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and his or her legal representatives in respect of any questions arising under the Plan or this Agreement.

2. **Vesting; Forfeiture.** ●.

3. **Performance Criteria.** ●.

4. **Settlement.** The Corporation shall settle the DSUs granted hereunder as soon as possible after receiving or being deemed to receive a DSU Redemption Notice, at which time the Corporation shall, subject to any required tax withholding and the execution of any required documentation, deliver to the Grantee [the Cash Equivalent (as defined in the Plan) of] one (1) Share for each DSU (and, upon such settlement, the DSUs shall cease to be credited to the Grantee's account) less an

amount equal to any federal and provincial income and employment taxes required to be withheld. Such settlement will occur not later than the 90th day following the Termination Date.

5. **Method of Electing to Defer Director's Remuneration.** Unless otherwise permitted or determined by the Board, to elect to receive DSUs, the Grantee shall complete and deliver to the Corporation a written election. The Grantee's written election shall, subject to any minimum or maximum amount that may be determined by the Board from time to time, designate the portion or percentage of the Director's Remuneration to be paid in the form of DSUs, with the remaining portion or percentage to be paid in cash in accordance with the Corporation's regular practices of paying such cash compensation. In the absence of a designation to the contrary, the Grantee's election shall continue to apply to all subsequent Director's Remuneration payments until the Grantee submits another written election in accordance with this paragraph. A Grantee shall only file one election no later than the last day of the fiscal year preceding the fiscal year in respect of which the Director's Remuneration becomes payable and the election shall be irrevocable for that fiscal year.
6. **Tax Withholding.** The Corporation shall be entitled to require, as a condition to the payment of any cash in settlement of the DSUs granted hereunder, that the Grantee remit an amount in cash or other property having a value sufficient to satisfy all federal and provincial or other applicable withholding taxes relating thereto. In addition, the Corporation shall have the right and is hereby authorized to withhold from the cash otherwise deliverable upon settlement of the DSUs, or from any compensation or other amount owing to the Grantee, the amount (in cash or, in the discretion of the Corporation, other property) of any applicable withholding taxes in respect of the settlement of the DSUs and to take such other action as may be necessary in the discretion of the Corporation to satisfy all obligations for the payment of such taxes.
7. **Compliance with Legal Requirements.** The granting and settlement of the DSUs, and any other obligations of the Corporation under this Agreement, shall be subject to all applicable federal and provincial laws, rules, and regulations and to such approvals by any regulatory or governmental agency (including stock exchanges) as may be required. The Board shall have the right to impose such restrictions on the DSUs as it deems reasonably necessary or advisable under applicable securities laws and the rules and regulations of the TSX.
8. **Miscellaneous.**
 - (a) **Transferability.** The DSUs are non-transferable or assignable except in accordance with the Plan.
 - (b) **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
 - (c) **Entire Agreement.** This Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
 - (d) **Successors and Assigns.** This DSU Agreement shall bind and enure to the benefit of the Grantee and the Corporation and their respective successors and permitted assigns.
 - (e) **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.

- (f) **Governing Law.** This Agreement and the DSUs shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (g) **Counterparts.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Grantee represents, warrants and acknowledges that the Grantee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of DSUs voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates.

IN WITNESS WHEREOF the parties hereof have executed this Agreement as of the ____ day of _____ 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

**SCHEDULE B
FORM OF OPTION AGREEMENT**

**CANACOL ENERGY LTD.
OPTION AGREEMENT**

This Stock Option Agreement (the "**Option Agreement**") is granted by Canacol Energy Ltd. (the "**Corporation**"), in favour of the optionee named below (the "**Optionee**") pursuant to and on the terms and subject to the conditions of the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the "**Option**"), in addition to those terms set forth in the Plan, are as follows:

1. **Optionee**. The Optionee is ●.
2. **Number of Shares**. The Optionee may purchase up to ● Shares of the Corporation (the "**Option Shares**") pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.
3. **Exercise Price**. The exercise price is Cdn \$● per Option Share (the "**Exercise Price**").
4. **Date Option Granted**. The Option was granted on ●.
5. **Expiry Date**. The Option terminates on ●. (the "**Expiry Date**").
6. **Vesting**. The Option to purchase Option Shares shall vest and become exercisable as follows:
●
7. **Exercise of Options**. In order to exercise the Option, the Optionee shall notify the Corporation in the form annexed hereto as Appendix I, pay the Exercise Price to the Corporation as required by the Plan, whereupon the Optionee shall be entitled to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Corporation.
8. **Transfer of Option**. The Option is not-transferable or assignable except in accordance with the Plan.
9. **Inconsistency**. This Option Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.
10. **Severability**. Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
11. **Entire Agreement**. This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

12. **Successors and Assigns.** This Option Agreement shall bind and enure to the benefit of the Optionee and the Corporation and their respective successors and permitted assigns.
13. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
14. **Governing Law.** This Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
15. **Counterparts.** This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Optionee represents, warrants and acknowledges that the Optionee (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of Options voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Agreement, the Optionee specifically represents, warrants and acknowledges that the Optionee has read and understood the terms and conditions set out in Section 2.6 and the definitions of "active employment" and "Termination Date" of which (i) state that the Optionee shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Optionee's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Optionee's entitlements under this Agreement or the Plan. By accepting and executing this Agreement, the Optionee further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Optionee's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the ____ day of _____, 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

**APPENDIX I
CANACOL ENERGY LTD.**

ELECTION TO EXERCISE STOCK OPTIONS

TO: CANACOL ENERGY LTD. (the "Corporation")

The undersigned Optionee hereby elects to exercise Options granted by the Corporation to the undersigned pursuant to an Option Agreement dated _____, 20__ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired:

Exercise Price (per Share):

Cdn.\$ _____

Aggregate Purchase Price:

Cdn.\$ _____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount):

Cdn.\$ _____

☐ Or check here if alternative arrangements have been made with the Corporation.

and hereby tenders a bank draft, certified cheque, wire transfer or other form of payment confirmed as acceptable by the Corporation for such aggregate purchase price, and, if applicable, all source deductions, and directs such Shares to be registered in the name of _____.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this _____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

**APPENDIX I
CANACOL ENERGY LTD.**

SURRENDER NOTICE

TO: CANACOL ENERGY LTD. (the "**Corporation**")

The undersigned Optionee hereby elects to surrender _____ Options granted by the Corporation to the undersigned pursuant to an Award Agreement dated _____, 20__ under the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**") in exchange for Shares or cash as calculated in accordance with Section 3.7(3) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount):

Cdn.\$ _____

☐ Or check here if alternative arrangements have been made with the Corporation.

Please issue a certificate or certificates representing the Shares in the name of _____

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this _____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

SCHEDULE C
FORM OF RSU / PSU AGREEMENT

CANACOL ENERGY LTD.
[RSU / PSU] GRANT AGREEMENT

This [RSU / PSU] grant agreement ("**Grant Agreement**") is entered into between Canacol Energy Ltd. (the "**Corporation**") and the Participant named below (the "**Recipient**") of the [RSUs / PSUs] ("**Units**") pursuant to the Corporation's Omnibus Long-Term Incentive Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

The terms of the Units, in addition to those terms set forth in the Plan, are as follows:

1. **Recipient.** The Recipient is ●.
2. **Grant of [RSUs / PSUs].** The Recipient is granted ● Units.
3. **Vesting.** ●.
4. **Performance Criteria.** ●.
5. **Settlement.** The Units shall be settled as follows: ●
6. **Date of Grant.** The Units were granted to the Recipient on ●.
7. **Transfer of Units.** The Units are non-transferable or assignable except in accordance with the Plan.
8. **Inconsistency.** This Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Grant Agreement and the Plan, the terms of the Plan shall govern.
9. **Severability.** Wherever possible, each provision of this Grant Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Grant Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Grant Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
10. **Entire Agreement.** This Grant Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
11. **Successors and Assigns.** This Grant Agreement shall bind and enure to the benefit of the Recipient and the Corporation and their respective successors and permitted assigns.
12. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
13. **Governing Law.** This Grant Agreement and the Units shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

14. **Counterparts.** This Grant Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Recipient represents, warrants and acknowledges that the Recipient (i) has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement, (ii) has requested and is satisfied that the foregoing be drawn up in the English language, (iii) has participated in the trade and acceptance of Options voluntarily, and (iv) has not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as application with the Corporation or its Affiliates. For absolute certainty, by accepting and executing this Agreement, the Recipient specifically represents, warrants and acknowledges that the Recipient has read and understood the terms and conditions set out in Section 2.6 and the definitions of "active employment" and "Termination Date" of which (i) state that the Recipient shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any incentive compensation or any other applicable rights pursuant to this Agreement and the Plan which would have vested or been granted after a termination including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of common law reasonable notice that exceeds the Recipient's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating the Recipient's entitlements under this Agreement or the Plan. By accepting and executing this Agreement, the Recipient further waives any eligibility to receive damages or payment in lieu of any forfeited incentive compensation or any other applicable rights pursuant to this Agreement or the Plan that would have vested or accrued during any common law reasonable notice period that exceeds the Recipient's minimum statutory notice period under the applicable employment standards legislation (if any).

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the ____ day of _____, 20__.

CANACOL ENERGY LTD.

By: _____
Authorized Signing Officer

[Insert Participant's Name]

SCHEDULE B

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 security holders 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 the Corporation 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 the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. Board of Directors

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

The following six directors of the Corporation are independent (for purposes of NI 58-101):

Michael Hibberd
David Winter
Gregory D. Elliott
Francisco Diaz
Gonzalo Fernández-Tinoco
Ariel Merenstein

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

Charle Gamba is not independent as he is the President and Chief Executive Officer of the Corporation. Juan Argento is not independent as he is a Managing Director at Horizon Capital, a firm that received consulting fees from the Corporation prior to his appointment to the Board.

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

A majority of the current directors of the Corporation (six of the eight) are independent. All of the current directors of the Corporation are being nominated for election to the Board at the Meeting. Assuming all of the proposed director nominees are elected at the Meeting, a majority of the directors of the Corporation (six of the eight) will be 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.

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

Director	Other Reporting Issuers
Charle Gamba	Horizon Petroleum Ltd. Pieridae Energy Limited
Michael Hibberd	Pan Orient Energy Corp. PetroFrontier Corp. Sunshine Oilsands Ltd.
David Winter	Horizon Petroleum Ltd.
Gonzalo Fernández-Tinoco	C.A. Fábrica Nacional de Vidrio

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

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. 13 meetings of independent directors were held during the financial year ended December 31, 2020. In addition, other meetings of the independent directors may be held from time to time if required.

- (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.**

Michael Hibberd is the current Chairman of the Board and is an independent director. In accordance with the mandate of the Chairman, the Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and is to, among other things, oversee all aspects of Board direction and administration, provide leadership to the Board and foster ethical and responsible decision making. The Chairman is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

- (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 the directors of the Corporation for meetings and committee meetings held during the financial year ended December 31, 2020 was as follows:

Name	Corporate Governance and				
	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Nominating Committee Meetings Attended / Held	Compensation Committee Meetings Attended / Held
Charle Gamba	13/13	N/A	2/2	N/A	N/A
Michael Hibberd	13/13	4/4	N/A	4/4	2/2
David Winter	13/13	N/A	2/2	4/4	2/2
Gregory D. Elliott	13/13	N/A	2/2	4/4	N/A
Francisco Diaz	12/13	4/4	N/A	4/4	N/A
Oswaldo Cisneros ⁽¹⁾	11/11	3/3	N/A	N/A	2/2
Gonzalo Fernández-Tinoco	13/13	N/A	N/A	4/4	N/A
Ariel Merenstein ⁽²⁾	11/11	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Cisneros passed away on November 8, 2020.
(2) Mr. Merenstein was appointed to the Board effective March 17, 2020.
(3) Juan Argento was appointed to the Board effective February 11, 2021.

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 the Board is attached hereto as Appendix “A”.

3. Position Descriptions

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

The Board has developed written position descriptions for the Chairman and for the Chair of each of the Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and the Reserves Committee.

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

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

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (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 the directors of the Corporation. The Corporation encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

5. Ethical Business Conduct

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

The Corporation has adopted a Code of Business Conduct for directors, officers and employees (the "**Code**").

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

Each director, officer and employee of the Corporation has been provided with a copy of the Code and a copy of the Code may be obtained from Jason Bednar, Chief Financial Officer of the Corporation, at (403) 561-1648.

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

The Board monitors compliance with the Code by requiring that each of the employees and consultants of the Corporation affirm in writing on an annual basis his or her agreement to abide by the Code, his or her ethical conduct during the year and disclosure with respect to any conflicts of interest. In addition, management is required to provide reports on compliance with the Code to the Board on a regular basis.

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

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

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

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

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanisms by which they may raise concerns through a confidential and anonymous process with respect to falsification of financial records, unethical conduct, harassment and theft.

6. Nomination of Directors

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

The Corporate Governance and Nominating Committee has the responsibility to review with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board and any perceived needs. The Corporate Governance and Nominating Committee also has the responsibility to assist the Board with identifying individuals qualified to become new directors of the Corporation and recommending to Board the new director nominees for the next annual general meeting of shareholders. The following is an outline of the process for nomination of candidates for election to the Board:

- (i) the Chairman or CEO, the Corporate Governance and Nominating Committee or other members of the Board identify the need to add new Board members, with careful consideration of the mix of qualifications, skills and experience represented on the Board;
- (ii) the Corporate Governance and Nominating Committee coordinates the search for qualified candidates with input from management and other Board members;
- (iii) the Corporate Governance and Nominating Committee engages a candidate search firm to assist in identifying potential nominees, if it deems such engagement necessary and appropriate;

- (iv) selected members of management and the Board will interview prospective candidates; and
- (v) the Corporate Governance and Nominating Committee will recommend a nominee and seek full Board endorsement of the selected candidate, based on its judgment as to which candidate will best serve the interests of the Corporation's shareholders. The Corporate Governance and Nominating Committee considers any candidates submitted by shareholders in accordance with the by-laws of the Corporation on the same basis as any other candidate.

In addition to the requirements of the Diversity Policy (as defined below), the Corporate Governance and Nominating Committee shall ensure the Board and any recommendations for new nominee directors to the Board comply with the following requirements:

- (i) Each director should possess the following minimum qualifications:
 - A. the highest personal and professional ethics, integrity and values;
 - B. commitment to representing the long-term interest of the shareholders;
 - C. broad experience at the policy-making level in business, government, education, technology or public interest; and
 - D. sufficient time to effectively fulfill duties as a Board member.
- (ii) The Corporate Governance and Nominating Committee will endeavor to recommend qualified individuals to the Board who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Corporation.

Pursuant to the mandate of the Corporate Governance and Nominating Committee, it is to be comprised of at least three directors of the Corporation and all of such members shall be independent. The Board is from time to time to designate one of the members of the Corporate Governance and Nominating Committee to be the Chair of the Corporate Governance and Nominating Committee. The Chairman of the Corporate Governance and Nominating Committee is Gonzalo Fernández-Tinoco.

The Corporate Governance and Nominating Committee meets at least two times per year and at such other times as the Chairman of the Corporate Governance and Nominating Committee determines.

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

The Corporate Governance and Nominating Committee is comprised of five independent directors.

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

See item 6(a) above.

7. Compensation

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

See "INFORMATION CONCERNING THE CORPORATION – Statement of Executive Compensation – Compensation Discussion and Analysis" in respect of the officers of the Corporation and "INFORMATION CONCERNING THE CORPORATION – Director Compensation" in respect of the directors of the Corporation.

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

The Compensation Committee is comprised of three independent directors and one non-independent director.

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

The Compensation Committee has the responsibility for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation. As part of the mandate and responsibility of the Compensation Committee, it is responsible for formulating and making recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (i) reviewing and making recommendations with respect to the Corporation's overall human resources and compensation strategies including incentive-based and equity-based compensation plans and any material changes therein;
- (ii) developing and making recommendations to the Board with respect to the appropriate compensation strategy for the non-executive members of the Board and annually reviewing the adequacy and form of the compensation strategy of non-executive directors to ensure that it properly aligns the interests of directors with the long-term interests of the Corporation and shareholders and that it realistically reflects the responsibilities and risks involved in being an effective director of the Corporation. The Compensation Committee shall report and make recommendations to the Board accordingly;
- (iii) assisting the Board with the selection and appointment of the CEO of the Corporation;
- (iv) providing oversight to the appointment and termination of other executive officers of the Corporation;
- (v) developing recommendations for the Board's approval of the framework or broad policy for the compensation of the CEO and other executive officers (including base compensation, short and long-term incentive-based compensation, equity-based-plans, benefit plans, pension and other retirement benefits);

- (vi) considering and making recommendations to the Board in respect of the terms of the service contracts of the CEO and other executives and any proposed changes to these contracts and ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Corporation, that poor performance is not rewarded and that the duty to mitigate loss is fully recognized;
- (vii) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on this evaluation;
- (viii) monitoring the performance of other executive officers versus the approved strategies and objectives and provide oversight to the determination of the compensation of executive officers particularly with respect to incentive-based and equity-based compensation plans;
- (ix) as part of the annual review of the performance of the CEO and other executive officers, satisfying itself as to the integrity of the executive officers and the contribution of the executive officers in creating a culture of integrity throughout the organization, and reporting those determinations to the Board;
- (x) reviewing of executive compensation disclosure before the Corporation publicly discloses such information; and
- (xi) assisting the Board in overseeing that succession planning programs are in place, including programs to appoint, set objectives, train, develop and monitor the performance of the officers and other key employees of the Corporation.

Pursuant to the mandate of the Compensation Committee, it is to be comprised of at least three independent directors of the Corporation. The Board is from time to time to designate one of the members of the Compensation Committee to be the Chair of the Compensation Committee. The Chairman of the Compensation Committee is David Winter.

The Compensation Committee meets at least two times per year and at such other times as the Chairman of the Compensation Committee determines.

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

In addition to its responsibilities with respect to nominating matters as described above, the Corporate Governance and Nominating Committee also has the following duties with respect to corporate governance matters:

- (a) assisting the Board in establishing and monitoring the Corporation's corporate governance policies and practices to ensure they comply with applicable rules or guidelines provided by the securities regulators;
- (b) preparing the Corporation's response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Corporation's governance system and policies and the recommended governance standards by securities regulators;
- (c) proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities as well as changes in the

Corporation's business environment and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;

- (d) assisting the Board with an annual review of the Board and committee structure;
- (e) ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as directors of the Corporation;
- (f) ensuring that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure as well as its communication and confidentiality requirements;
- (g) ensuring that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business;
- (h) developing and monitoring the Corporation's policies relating to trading in securities of the Corporation by insiders;
- (i) annually reviewing areas of potential personal liability of directors and ensuring reasonable protective measures are in place;
- (j) causing the Board to annually review its definition of an "independent" director and establishing formal processes for determining the independence of the Board members as well as dealing with conflict of interest situations;
- (k) developing written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;
- (l) overseeing the development of terms of references for the committees of the Board and reviewing, or arranging for the review by appropriate committees, of such terms of references on an annual basis, and, in consultation with the other committees as appropriate, making recommendations to the Board as to changes to improve such terms of references;
- (m) developing clear position descriptions for the Chairman of the Board and the chair of each Board committee, and together with the CEO, developing a clear position description for the CEO, delineating roles and responsibilities between the Board and the executive officers;
- (n) assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- (o) developing a comprehensive orientation and continuing education program for all directors;
- (p) monitoring the process for developing annual meeting planners for the Board and its committees to ensure compliance with the requirements of the Board's mandate and the committees' terms of references, respectively;
- (q) developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation;

- (r) assisting the Board with the disclosure of the Corporation's corporate governance policies and practices in the Corporation's disclosure documents; and
- (s) implementing the majority voting policy for the election of uncontested directors and disclose the Corporation's approach to the election and resignation of directors in public disclosure documents.

In addition to the Audit, Compensation and Corporate Governance and Nominating Committees, the Corporation has established a Reserves Committee and the ESG Committee.

Reserves Committee

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51 -101**"), including:

- (a) review, with reasonable frequency, the procedures relating to the disclosure of information with respect to reserves and related oil and gas activities and the procedures for complying with the disclosure requirements and restrictions of NI 51-101;
- (b) review the appointment of the independent evaluator ("**Independent Evaluator**") under NI 51-101 and in the case of any proposed changes in such appointment, determine the reasons for the proposed changes and whether there have been disputes between the appointed Independent Evaluator and management;
- (c) in order to preserve the independence of the Independent Evaluator:
 - (i) recommend to the Board the Independent Evaluator to be engaged after considering their expertise, qualifications and independence;
 - (ii) recommend to the Board the compensation of the Independent Evaluator; and
 - (iii) meet with the Independent Evaluator in camera to discuss any issues arising from the evaluation process and their interaction with management;
- (d) review the scope of the annual review of the reserves by the Independent Evaluator considering industry practice and regulatory requirements;
- (e) evaluate the performance of the Independent Evaluator;
- (f) review, with reasonable frequency, the Corporation's procedures for providing information to the Independent Evaluator who reports on reserves data (as defined in NI 51-101 and hereinafter referred to as "**Reserves Data**") for the purposes of NI 51-101;
- (g) before approving the filing of the Reserves Data and the annual filings required by NI 51-101, meet with management and the Independent Evaluator in order to (i) determine whether any restrictions placed by management affect the ability of the Independent Evaluator to report on the Reserves Data without reservation; and (ii) review the Reserves Data and the report of the Independent Evaluator thereon;
- (h) review the annual filings required by NI 51-101 ("**Annual Filings**") and recommend approval of the contents and the filing of the Annual Filings to the Board;

- (i) review all disclosure made by or on behalf of the Corporation, which the Corporation knows or ought reasonably to know, is or will become available to the public and any document filed with a securities regulatory authority to ensure compliance with NI 51-101;
- (j) review with management press releases, as well as the substance of oil and gas reserves information provided to analysts and ratings agencies, which discussions may be general discussions of the type of information to be disclosed or the type of presentation to be made; and
- (k) consider and review with management, outside counsel, as appropriate, and, in the judgment of the Reserve Committee, such special counsel and other consultants and advisors as the Reserve Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's oil and gas reserves.

ESG Committee

The ESG Committee serves as an independent and objective party to monitor the integrity and quality of Canacol's ESG strategy and ensure that the strategy is integrated into its business plan, corporate values and objectives and serves to foster a culture of responsibility and transparency including:

- (a) assist the Board in establishing and monitoring the Corporation's ESG policies and practices;
- (b) propose changes as necessary from time to time to respond to ESG recommendations or guidelines from authorities or investors as well as changes in the Corporation's business environment;
- (c) assist the Board with an annual review of the Board and Committee structure;
- (d) ensure that the Corporation has in effect adequate policies and procedures to identify and manage the principal ESG risks of the Corporation's business;
- (e) review the main challenges the Corporation faces in ESG;
- (f) review and approve material ESG disclosure;
- (g) review and approve the external party assurance process and report.

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

The Corporation has a formal process in place for assessing the Board, its committees and individual Board members. As part of such process, each Board member is required to complete, on an annual basis, an interview with either the Chairman of the Board or the Corporate Governance and Nominating Committee or a detailed questionnaire related to the performance of the Board, its committees and the members thereof.

In addition, the Corporation engages an outside consultant to perform an assessment of the Board, its committees and individual Board members every 12 months. The most recent assessment was performed in May, 2021.

10. Director Term Limits and Other Mechanisms of Board Renewal.

The Corporation's director retirement policy requires that each director, upon reaching the age of 75 years old, will offer his or her resignation as a director of the Corporation to the Chairman of the Board on an annual basis, which resignation will be effective immediately prior to the next annual meeting of shareholders of the Corporation. The Board will consider such resignation and will determine whether to accept such resignation or whether to waive such resignation for a period of one year, having regard to all matters the Board deems relevant.

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

11. Policies Regarding the Representation of Women on the Board.

The Corporation does not have a written policy relating solely to the identification and nomination of female directors. However, the Board has adopted a written discrimination and diversity policy (the "**Diversity Policy**") that recognizes and embraces the benefits of having a diverse Board with a mix of skills, regional and industry experience, background, race, gender and other distinctions, which the Board believes is more appropriate than a separate written policy focused on gender diversity. All appointments to the Board are made on merit, in the context of the skills and experience of the Board, as a whole, requires to be effective. The Corporate Governance and Nominating Committee oversees the conduct of the annual review of Board effectiveness and monitors compliance with the Diversity Policy.

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

Pursuant to the Diversity Policy, diversity (including the representation of women on the Board and the executive officer positions) is factor considered in determining the optimum composition of the Board. In identifying suitable candidates for appointment to the Board, the Corporate Governance and Nominating Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Moreover, as to gender, the Board is receptive to increasing the representation of women on the Board as turnover occurs, taking into account the skills, background, experience and knowledge desired at that particular time by the Board. As part of the annual performance evaluation of the effectiveness of the Board, committees of the Board and individual directors, the Corporate Governance and Nominating Committee considers the balance of skills, experience, independence and knowledge of the Corporation on the Board and the diversity of the Board. Although the Board is responsible for Board appointments, the Corporate Governance and Nominating Committee is consulted for potential recommendations.

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

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

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

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

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

Presently, the Corporation has one woman, Tracy Whitmore, Vice President, Tax & Corporate Affairs, serving in an executive officer position, representing 17% of the executive officer positions of the Corporation, and no women serving on the Board.

APPENDIX “A”

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of Canacol Energy Ltd. (the “**Corporation**”), is responsible under law to supervise the management of the business and affairs of the Corporation and its subsidiaries (collectively, “**Canacol**”). The Board has the statutory authority and obligation to protect and enhance the assets of Canacol.

The principal mandate of the Board is to oversee the management of the business and affairs of Canacol, and monitor the performance of management.

In keeping with generally accepted corporate governance practices and the recommendations contained in National Policy 58-201 — *Corporate Governance Guidelines* adopted by the Canadian Securities Administrators, and the requirements of any stock exchange on which the Corporation's securities are listed, the Board assumes responsibility for the stewardship of Canacol and, as part of the overall stewardship responsibility, explicitly assumes responsibility for the following:

1. Independence

In that the Board must develop and voice objective judgment on corporate affairs, independently of the management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent and unrelated directors. Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised exclusively of outside directors and at least a majority of unrelated directors.

The Board shall establish formal processes for determining the independence of its members as well as dealing with any conflict of interest situations. Directors shall recuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.

The independent directors shall hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

Except for Directors who are also officers of the Corporation, no Director shall receive from the Corporation any compensation other than the fees to which he or she is entitled as a Director of the Corporation or a member of a committee. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors. Directors who are also officers of the Corporation shall not be entitled to receive any Directors' fees or other compensation in respect of their duties as directors.

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance, and pursue a self-evaluation process for evaluating both overall Board performance and contributions of individual directors.

In addition, the Corporation will engage an outside consultant to perform an assessment of the Board, its committees and individual Board members every 12 months.

2. Nomination of Directors

The Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman and/or Lead Director, appointing Board committees and determining directors' compensation. While it is appropriate to confer with the management on the selection of candidates to be nominated as members of the Board, the ultimate selection shall be determined by the existing independent members of the Board.

In connection with the nomination or appointment of individuals as directors, the Board is responsible for:

- (a) Considering what competencies and skills the Board, as a whole, should possess
- (b) Assessing what competencies and skills each existing director possesses
- (c) Considering the appropriate size of the Board, with a view to facilitating effective decision making.

3. Election and Resignation of Directors

In accordance with the policies of the Toronto Stock Exchange (the “TSX”), the Board has adopted a majority voting policy in director elections that will apply at any meeting of the Corporation’s shareholders where an uncontested election of directors is held. Pursuant to this policy, which was effective as of December 31, 2012, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders’ meeting.

The Corporate Governance and Nominating Committee shall be responsible for implementing and maintaining the majority voting policy for the election of uncontested directors and disclose Canacol’s approach to the election and resignation of directors in public disclosure documents.

4. Leadership in Corporate Strategy

The Board ultimately has the responsibility to oversee the development and approval of the mission of Canacol, its goals and objectives, and the strategy by which these objectives will be reached. In guiding the strategic choices of Canacol, the Board must understand the inherent prospects and risks of such strategic choices.

While the leadership for the strategic planning process comes from the management of Canacol, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by management as it evolves.

The Board is responsible for monitoring management’s success in implementing the strategy and monitoring Canacol’s progress to achieving its goals; revising and altering direction in light of changing circumstances.

The Board has the responsibility to ensure congruence between the strategic plan and management’s performance.

5. Ethical Standards

The Board shall adopt a Code of Ethics and Business Conduct applicable to Directors, officers and employees of the Corporation and shall establish the appropriate “tone at the top”. To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other members of senior management and that the CEO and other members of senior management create a culture of integrity throughout the organization. Any waivers from the Code that are granted for the benefit of the Corporation’s directors or executive officers should be granted by the Board only.

The Board shall ensure that there are adequate procedures for it to be apprised on a timely basis and in sufficient detail of all concerns raised by employees, officers and directors of the Corporation and external parties regarding instances of misconduct including illegal or unethical behaviour, fraudulent activities, and violation of company policies, particularly with respect to accounting, internal accounting controls or auditing matters and that such concerns are properly received, reviewed, investigated, documented and brought to an appropriate resolution.

6. Management of Risk

The Board shall understand the principal risks of all aspects of the business in which Canacol is engaged, recognizing that business decisions require the incurrence of risk. The Board is responsible for providing a balance between risks incurred and the potential returns to shareholders of the Corporation. This requires that the Board ensure that systems are in place to effectively monitor and manage risks with a view to the long-term viability of Canacol and its assets, and conduct an annual review of the associated risks.

7. Approach to Corporate Governance

Canacol is committed to effective practices in corporate governance. Canacol consistently assesses and adopts corporate governance measures. The Corporate Governance and Nominating Committee shall be responsible for disclosing Canacol's approach to corporate governance in public disclosure documents.

8. Oversight of Management

As the Board functions, the Board must ensure the execution of plans and operations are of the highest caliber. The key to the effective discharge of this responsibility is the approval of the appointment of the senior officers of the Corporation and the assessment of each senior officer's contribution to the achievement of the Corporation's strategy. In this respect, performance against objectives established by the Board is important, as is a formal process for determining the senior officers' compensation, in part, by using established criteria and objectives for measuring performance.

The Board shall also develop formal Authority Guidelines delineating authority retained by the Board and authority delegated to the CEO and the other members of senior management. The Authority Guidelines shall also clearly state matters which should be presented to the Board and its Committees. These matters shall include significant changes to management structure and appointments; strategic and policy considerations; major marketing initiatives; significant agreements, contracts and negotiations; significant finance related and other general matters.

9. Succession Planning

On a regular basis, the Board shall review a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO and other key senior management positions, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills, training and planned career paths for possible successors to the CEO currently in the Corporation's senior management.

10. Expectations of Board Members

(a) Commitment and Attendance

All members of the Board should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

(b) Participation in Meetings

Each member of the Board should be sufficiently familiar with the business of Canacol, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.

(c) Financial Knowledge

One of the most important roles of the Board is to monitor financial performance. Each member of the Board must know how to read financial statements, and should understand the use of financial ratios and other indices for evaluating financial performance.

(d) Other Directorships

The Corporation values the experiences Board members bring from other boards on which they serve, but recognizes that those boards may also present demands on a member's time and availability, and may also present conflicts of interest or other legal issues. Members of the Board should advise the Chair of the Corporate Governance and Nominating Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

(e) Contact with Management

All members of the Board are invited to contact the CEO at any time to discuss any aspect of Canacol's business. While respecting organizational relationships and lines of communication, members of the Board have complete access to other members of management. There shall be afforded frequent opportunities for members of the Board to meet with the CEO, CFO and other members of management in Board and committee meetings and in other formal or informal settings.

(f) Confidentiality

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

11. Monitoring of Financial Performance and Other Financial Reporting Matters

- (a) The Board, through the Audit Committee, shall be responsible for approving the Corporation's financial statements, Management's Discussion & Analysis, Annual Information Form and earnings press releases prior to their public disclosure
- (b) The Board shall approve the annual budget and periodically shall receive an analysis of actual results versus approved budgets.
- (c) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures as outlined in the Corporation's General Authority Guidelines.

12. Shareholder Communications and Disclosure

The Board is responsible to ensure that the Corporation has policies in place to ensure effective and timely communication and disclosure to the shareholders of the Corporation, other stakeholders and the public in general. This communication and disclosure policy must effectively and fairly present the operations of Canacol to shareholders and should accommodate feedback from shareholders, which should be considered into future business decisions.

The Board has the responsibility for ensuring that the financial performance of Canacol is reported to shareholders on a timely and regular basis and for ensuring that such financing results are reported fairly, in accordance with generally accepted accounting principles.

The Board has the responsibility for ensuring that procedures are in place to effect the timely reporting of any developments that have a significant and material impact on the value of shareholder assets.

The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year.

13. Integrity of Corporate Control and Management Information Systems

To effectively discharge its duties, the Board shall ensure that Canacol has in place effective control and information systems so that it can track those criteria needed to monitor the implementation of the Canacol's strategy.

Similarly, in reviewing and approving financial information, the Board shall ensure that Canacol has an audit system, which can inform the Board of the integrity of the data and compliance of the financial information with generally accepted accounting principles.

The Board's management of the important areas of corporate conduct, such as the commitment of Canacol's assets to different businesses or material acquisitions, shall also be supported by effective control and information systems.

14. Legal Requirements

The Board is responsible for ensuring that routine legal requirements, documents, and records have been properly prepared, approved and maintained by Canacol.

15. Environmental and Safety Matters

The Board shall consider reports and recommendations of management with respect to the Corporation's environmental and safety policies and procedures and any issues relating to environmental and safety matters and management's response thereto.

16. Board Delegation to Committees

The Board may delegate specific responsibilities to committees of the Board in order to effectively manage the affairs of Canacol.

17. Authority

Individual members of the Board may engage outside, legal, accounting or other advisers, at the expense of the Corporation, to obtain advice and assistance in respect of matters relating to their duties, responsibilities and powers as Directors, provided such engagement is first approved by the Chair.

The Board shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers being necessary or advisable in order to perform its duties and responsibilities.

18. Limitation

The foregoing is (i) subject to and without limitation of the requirement that in exercising their powers and discharging their duties, the members of the Board act honestly and in good faith with a view to the best interests of the Corporation; and (ii) subject to, and not in expansion of the requirement, that in exercising

their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.