



**NOTICE OF ANNUAL AND SPECIAL MEETING**  
**and**  
**INFORMATION CIRCULAR – PROXY STATEMENT**

**WITH RESPECT TO**

**THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON MAY 5, 2022**

**PHX ENERGY SERVICES CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 5, 2022**

TO: THE SHAREHOLDERS OF PHX ENERGY SERVICES CORP.

TAKE NOTICE that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of PHX Energy Services Corp. (the "**Corporation**") will be held at - Livingston Place Conference Centre, 2nd Floor, 222 – 3rd Avenue S.W., Calgary, Alberta on Thursday, May 5, 2022 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2021 and the auditors' report thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at seven (7) members;
3. to elect seven (7) directors of the Corporation for the ensuing year;
4. to appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year and to authorize the Directors to fix their remuneration as such;
5. to approve all unallocated options under and certain proposed amendments to the Corporation's share option plan; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular – Proxy Statement accompanying and forming part of this Notice.

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Odyssey Trust Company of Canada, Proxy Department, 702, 67 Yonge Street, Toronto, ON M5E 1J8 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.**

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 31, 2022 (the "**Record Date**"). Only Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

**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. To exercise such right, the name of the Shareholder's appointee should be legibly printed in the blank space provided.**

The Corporation currently intends to hold the Meeting in person at the Livingston Place Conference Centre, 2nd Floor, 222 – 3rd Avenue S.W., Calgary, Alberta on May 5, 2022, at 10:00 a.m. (Calgary time). However, in view of the current and continuing COVID-19 pandemic, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders consider the advice of the Public Health Agency of Canada (PHAC) ([www.canada.ca/en/public-health.html](http://www.canada.ca/en/public-health.html)) and Alberta Health Services ([www.albertahealthservices.ca](http://www.albertahealthservices.ca)). As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

The Corporation may take additional precautionary measures in relation to the meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meeting in

person, the Corporation may announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means, webcast, telephone or other communication facilities. Please monitor our website at [www.phxtech.com](http://www.phxtech.com) for updated information.

DATED at Calgary, Alberta, this 1st day of April, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
PHX ENERGY SERVICES CORP.**

(Signed) "*John M. Hooks*"  
Chief Executive Officer

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**PHX ENERGY SERVICES CORP.**

**INFORMATION CIRCULAR - PROXY STATEMENT**

**for the Annual and Special Meeting of Shareholders**

**to be held May 5, 2022**

**SOLICITATION OF PROXIES AND PLACE OF MEETING**

**This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of PHX Energy Services Corp.** (the "**Corporation**" or "**PHX Energy**"), for use at the Annual and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held on the 5th day of May, 2022 at 10:00 a.m. (Calgary time) at the - Livingston Place Conference Centre, 2nd Floor, 222 – 3rd Avenue S.W., Calgary, Alberta and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting. Instruments of Proxy must be received by the Secretary of the Corporation, c/o Odyssey Trust Company of Canada, Proxy Department, 702, 67 Yonge Street, Toronto, ON M5E 1J8 , not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting at the close of business on March 31, 2022 (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 shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such 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 shares at the Meeting.

If you are a registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Odyssey Trust Company, the Corporation's transfer agent. To be valid, completed proxy forms must be dated, completed, signed and deposited with PHX Energy's transfer agent, Odyssey Trust Company, (i) by mail or by hand delivery using the enclosed return envelope or one addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, ON M5E 1J8, or (ii), by facsimile to 1-800-517-4553. If you vote through the Internet, you may also appoint another person to be your proxyholder. Please go to <http://odysseytrust.com/pxLogin> and follow the instructions. You will require your 12-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

Corporation currently intends to hold the Meeting in person at - Livingston Place Conference Centre, 2nd Floor, 222 – 3rd Avenue S.W., Calgary, Alberta on May 5, 2022, at 10:00 a.m. (Calgary time). However, in view of the current and continuing COVID-19 pandemic, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders consider the advice of the Public Health Agency of Canada (PHAC) ([www.canada.ca/en/public-health.html](http://www.canada.ca/en/public-health.html)) and Alberta Health Services ([www.albertahealthservices.ca](http://www.albertahealthservices.ca)). As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

The Corporation may take additional precautionary measures in relation to the meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meeting in person, the Corporation may announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means, webcast, telephone or other communication facilities. Please monitor our website at [www.phxtech.com](http://www.phxtech.com) for updated information.

Unless otherwise stated, the information contained in this Information Circular – Proxy Statement ("**Information Circular**") is given as at March 31, 2022.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her 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 enclosed form of proxy are directors and/or officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated by the Corporation, who need not be a Shareholder, to attend and to act for him or her and on his or her behalf 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.**

### BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of common shares ("**Common Shares**") of the Corporation 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 shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such 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 The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). 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 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 shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

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 agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote 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 form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

The Corporation will be delivering proxy-related materials to non-objecting beneficial owners of its Common Shares directly with the assistance of Odyssey Trust Company.

The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Common Shares.

## **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 instrument in writing executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and 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.

## **PERSONS MAKING THE SOLICITATION**

**The solicitation is made on behalf of the management of the Corporation.** The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual and Special Meeting and this Information Circular - Proxy Statement 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.

## **EXERCISE OF DISCRETION BY PROXY**

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

**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 Annual and Special Meeting. At the time of printing this Information Circular - Proxy Statement, management of the Corporation knows of no such amendment, variation or other matter.**

## **MATTERS TO BE ACTED UPON AT MEETING**

### **Election of Directors**

At the Meeting, Shareholders will be asked to fix the number of directors of the Corporation to be elected at the Meeting at seven (7) members and to elect seven (7) directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently seven (7) directors of the Corporation, each of whom retire from office at the Meeting, subject to re-election.

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 seven (7) members and in favour of the election as directors of the seven (7) nominees hereinafter set forth. **The accompanying form of proxy provides for individual voting on directors.**

Randolph M. Charron	John M. Hooks
Karen David-Green	Myron A. Tétreault
Terry D. Freeman	Roger D. Thomas
Lawrence M. Hibbard	

The names, age, province/state and country of residence of the persons nominated for election as directors, the number of voting securities of the Corporation beneficially owned, directed or controlled, directly or indirectly, the offices held by each in the Corporation, the period served as director and the principal occupation for the past five

years of each are set forth below. The information as to shares beneficially owned, directed or controlled, is based upon information furnished to the Corporation by the nominees as of the Record Date.

Name, Age, Province/State and Country of Residence and Office Held	Director Since <sup>(4)</sup>	Number of Common Shares Owned or Controlled or Directed	Principal Occupation During Last Five Years
John M. Hooks <b>Chairman of the Board &amp; Chief Executive Officer</b> Alberta, Canada Age: 64	November 17, 1995	5,299,209 (10.49%)	Chief Executive Officer (and formerly President) of the Corporation since 1995 and Chairman of the Board of Directors since 2000; Director of Canadian Energy Services LP since March, 2006.
Randolph M. Charron <sup>(1)(2)(3)</sup> <b>Independent Director</b> Alberta, Canada Age: 67	November 1, 2002	82,736 (0.16%)	President of Star Valley Drilling Limited, a private Canadian drilling contractor with operations in Canada, Trinidad, Morocco and West Africa, since July, 2017 and Director since November, 2015; Director of the Calgary Airport Authority since November 2019; President of Characo Corporation, a private oil and gas investment and consulting firm, since 1997; a founding Director of Xtreme Drilling Corp. (formerly Xtreme Drilling and Coil Services Corp.) from 2005 to 2018; a Director of Wrangler West Energy Corp. from 2003 to 2014; prior thereto, Vice President and Founding Director of Artisan Corporation, a publicly traded Canadian oilfield service provider.
Karen David-Green <sup>(1)(2)</sup> <b>Independent Director</b> Texas, U.S.A. Age: 53	May 7, 2020	1,080 (-%)	Chief Communications, Stakeholder and Sustainability Officer for ExproGroup since 2021, a leading provider of global energy solutions. She has served in senior leadership positions on Wall Street for 15 years and in the corporate sector for 12 years, including serving as Sr. Vice President of Stakeholder Engagement and Chief Marketing Officer of Weatherford International plc from 2018-2020, and prior thereto Vice President, Investor Relations, Corporate Marketing & Communications. She served as President of the Weatherford Foundation, Inc., Chairwoman of the Sustainability Leadership Council, Executive Member of the Disclosure Committee, as well as co-founder of the Diversity Equity & Inclusion Network. Currently serves on the Board of Paragon Integrated Services Group, a private integrated energy and environmental service company based in Houston, Texas and on the Board of several non-profit organizations. Holds a Directorship Certification from the National Association of Corporate Directors.



Name, Age, Province/State and Country of Residence and Office Held	Director Since <sup>(4)</sup>	Number of Common Shares Owned or Controlled or Directed	Principal Occupation During Last Five Years
Terry D. Freeman <sup>(1)</sup> <b>Independent Director</b> Alberta, Canada Age: 61	May 9, 2018	21,894 (0.04%)	Independent businessman; Fellow of the Institute of Chartered Professional Accountants of Alberta; Chair of the Board of McCoy Global, a tubular handling equipment business since 2009; Head of Investments for ATB Private Equity, LP; as a member of the Boards of a number of private real estate, construction and energy services businesses; Managing Director of Northern Plains Capital Corporation from 2007 to 2012; previously a member of the Board and Audit Committee of Flint Energy Services Ltd from 2007 to 2012.
Lawrence M. Hibbard <sup>(1)(3)</sup> <b>Independent Director</b> Texas, U.S.A. Age: 72	February 10, 2011	163,337 (0.32%)	Independent businessman; Co-founder and current Director of Highland Fluid Technology Ltd., a company deploying unique chemistry and technology to the drilling, fracing and completion business; a past Director of TrigPoint Solutions Inc., Xtreme Drilling Corp. (formerly Xtreme Drilling and Coil Services Corp.) and Zahroof Valve Inc.; prior to 2005, spent a 32 year career with Schlumberger Limited working in four business units, the last 22 years in senior vice president level executive management positions primarily related to international operations. Mr. Hibbard is currently a National Association of Corporate Directors Board Leadership and Governance Fellow.
Roger D. Thomas <sup>(2)(3)</sup> <b>Independent Director</b> Alberta, Canada Age: 69	June 27, 2012	186,026 (0.37%)	Independent businessman; prior to 2009 spent 31 years with Nexen Inc. in a variety of senior executive positions; Currently serves as Chairman of the Board, member of Audit, Risk and Environment Governance and Human Resources Committees of Fortis Alberta Ltd.; has held numerous Board positions for public and private companies along with industry organizations including the Canadian Association of Petroleum Producers, Alberta Chamber of Resources, Canadian Chamber of Commerce and the Nature Conservancy of Canada (Saskatchewan Region); Member of the Premier of Alberta's Carbon Capture and Storage Council and assisted with the Alberta Department of Energy's investment and competitiveness review in 2009.

Name, Age, Province/State and Country of Residence and Office Held	Director Since <sup>(4)</sup>	Number of Common Shares Owned or Controlled or Directed	Principal Occupation During Last Five Years
Myron A. Tétreault <sup>(2) (3)</sup> <b>Lead Independent Director</b> Alberta, Canada Age: 54	May 10, 2007	185,983 (0.37%)	Chairman of Calafate Holdings Ltd. (a private investment management and consulting company) since 1999; Director (since March, 2009) and Chairman (since September, 2013) of Pieridae Energy Limited (formerly Petrolia Inc.); Co-founder and Director of Fitzroy Developments Ltd. since 2003; Co-founder and director (from 2003 to 2018) of Northern Vision Development LP; Co-founder and director of FitzRoyalty Land Opportunities Fund LP since 2018; Director of Webber Academy Foundation from 1996 to 2018; Chairman of West Aspen Holdings Ltd. since 2018 and Chairman of Stoked Oats Ltd. since 2020. In 2022, Mr. Tetreault completed the ICD program through the Rotman School of Business and now holds the ICD.D designation.

## Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Human Resources and Compensation Committee.
- (3) Member of the Nomination and Corporate Governance Committee.
- (4) Reflects the date of appointment, where applicable, as a director of the Corporation's predecessor, Phoenix Technology Services Inc., as former administrator of Phoenix Technology Income Fund.
- (5) All of the directors will hold office until the next annual meeting of Shareholders or until their successor is duly elected or appointed, unless their office is earlier vacated.

As at the Record Date, the directors and officers of the Corporation, as a group, beneficially owned, controlled or directed, directly or indirectly, an aggregate of 7,599,581 Common Shares or approximately 15.04% of the issued and outstanding Common Shares.

### ***Majority Voting Policy for Directors***

The Board has adopted a Majority Voting Policy stipulating that in the event that any nominee for election to the Board receives a greater number of "withheld" votes than "for" votes at any meeting in which Shareholders vote on an uncontested election of directors, the nominee will submit his or her resignation promptly following the meeting for consideration. The Board's Nomination and Corporate Governance Committee (the "**NCG Committee**") will promptly thereafter make a recommendation to the Board whether to accept or reject the resignation. The Board's decision, including the reasons for such decision, will be disclosed by press release as soon as practicable and, in any event, within 90 days following the applicable meeting of Shareholders. In determining whether to accept or reject the tendered resignation, the Board will assess the factors considered by the NCG Committee and any additional information and factors the Board believes to be relevant. Any director who tenders his or her resignation pursuant to the Majority Voting Policy will not participate in the NCG Committee's recommendation or the Board's consideration whether to accept or reject the tendered resignation or any meetings in respect thereof. If the Board determines to accept the resignation, the Board may determine in its discretion, upon recommendation of the NCG Committee, whether to fill the resulting vacancy or to continue with the reduced size of the Board until the next annual meeting of Shareholders.

### ***Board Oversight and Stewardship***

The Board, either directly or through its committees, is responsible for the stewardship of the Corporation in several key areas including vision, strategic planning and objectives, leadership, risk management and corporate governance practices. The Board is responsible for supervising management of the Corporation's business and affairs with the

objective of enhancing shareholder value. The Board's duties are set out in the Board Mandate which is reviewed annually and is attached at Appendix B.

The Board, in part, performs its mandated responsibilities through the activities of its three committees, the Audit Committee, Human Resources and Compensation Committee (the "**HRC Committee**") and the NCG Committee. Each of the three Committees has their own mandate which is reviewed and approved annually. All of the Board's committees are comprised entirely of independent directors. The Board has determined that none of the directors who serve on any Board committees have a material relationship with the Corporation that could reasonably interfere with the exercise of a director's independent judgment.

The Board, with the assistance of the NCG Committee, retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board establishes and maintains such corporate governance policies and procedures as are necessary to ensure that PHX Energy is fully compliant with applicable securities laws and prevailing governance standards. The Board is also responsible for the consideration and mitigation of principal risks of the business identified by management and to ensure that all reasonable steps are taken to ensure the implementation of appropriate systems and procedures to manage such risk.

The Board oversees the development and execution by management of both a longer range strategic plan and a shorter range business plan for the Corporation which are designed to achieve the principal objectives and identify the principal strategic and operational opportunities and risks of PHX Energy's business. To assist the Board in meeting this responsibility, the agenda for every regularly scheduled Board meeting includes a discussion of the progress of the short-term strategic plan and quarterly results as well as an update where management provides a review of the advancement of the plan, business development, financial forecasts, risk management and possible opportunities so as to provide the Board the information required for them to discuss and analyse the main risks associated with PHX Energy's strategic plan and make recommendations to adjust the plan if necessary.

The strategic plan allows PHX Energy to meet its targeted growth levels over the next several years. Given the size of the Board, ongoing education and the extensive oil and gas related business experience of the members of the Board, there is a clear alignment and understanding by the Board of PHX Energy's strategic plan and conversations among the Board and senior management, both inside and outside the boardroom, occur frequently and openly. All executive officers are invited and regularly attend Board and committee meetings to provide necessary information to facilitate decision-making activities and Board oversight. This also provides additional opportunity for the independent directors to interact with all members of senior management in order to ensure clear understanding of the Corporation's strategic planning initiatives and objectives, and provides valuable insight that adds to the Board's ability to fulfill their responsibilities related to succession planning.

The attendance records for all members of the Board and its Committees are set forth in Appendix "A" of this Information Circular – "*Corporate Governance Disclosure*".

### ***Board Tenure***

While PHX Energy has adopted a Board tenure policy, it does not believe that fixed director term limits are in the Corporation's best interest as it is critical that directors develop and possess a solid understanding of the oil and gas services industry and PHX Energy's business.

The NCG Committee, which is responsible for recommending director nominees to the Board, considers the term of service of individual directors, the average term of the Board as a whole and turnover of directors in prior years when proposing a slate of Board candidates. It considers and weighs the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of having a Board whose members are familiar with PHX Energy's business through past service. The NCG Committee is of the opinion PHX Energy has achieved an effective balance with the current and proposed members of the Board. The average tenure of the PHX Energy's current and proposed independent Directors is 12 years. The Committee periodically rotates Committee chairs and members to promote fresh perspective.

### ***Board Diversity***

PHX Energy recognizes the value that diversity can bring to its board of directors. Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Corporation has the opportunity to benefit from all available talent. The nomination and appointment of directors with diverse skills, knowledge, experience and backgrounds, such as but not limited to age, race, colour, ethnicity, religion, gender, sexual orientation, geographical backgrounds and other distinctions, contributes to balanced perspective, debate and decision making which improves organizational strength, opportunity for innovation, corporate culture and continued success. PHX Energy further believes that director nominations should be made on the basis of the skills, knowledge and experience of individual candidates and the requirements of the Board at the time. PHX Energy does not differentiate by age, race, colour, ethnicity, religion, gender, sexual orientation or any other aspect. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Corporation will consider the skills, knowledge and experience of individual candidates having due regard for the benefits of diversity and the needs of the Board.

To ensure the application of these principles and the development of a Board that is free of conscious or unconscious bias and discrimination, the NCG Committee has recommended, and the Board approved, a written diversity policy (the "**Diversity Policy**"). A copy of the Diversity Policy Can be found on the Corporation's website. The Diversity Policy provides that the NCG Committee will:

- (i) consider only candidates who are highly qualified based on, among other considerations, their skills, knowledge and experience;
- (ii) consider diversity characteristics, including age, race, colour, ethnicity, religion, gender, sexual orientation and geographical background, of the candidates;
- (iii) consider the level of representation of women on the Board; and
- (iv) in addition to its own searches, as and when determined appropriate from time to time, engage qualified independent external advisors to help identify candidates for nomination who meet the Committee's requirements.

PHX Energy believes that considering the broadest group of individuals who have the skills, knowledge and experience required to provide the leadership needed to achieve its business objectives is in the best interests of PHX Energy and all of its stakeholders. While the Board recognizes the benefits of Board diversity, it has chosen not to impose gender quotas or targets.

The NCG Committee has established a "skills matrix" outlining the skills, knowledge and experience it believes are required by its directors. In addition to considering skills, knowledge and experience, the Committee assesses the character and attendance of directors, along with relevant diversity factors, to ensure that the Board is operating effectively and independently of management. The skills matrix and Board composition are reviewed annually by the NCG Committee to assess the skills, knowledge and experience necessary for the Board, as a whole, to possess in order to effectively discharge its duties and mandate; the skills, knowledge and experience that each existing director possesses; whether the existing skills, knowledge, experience and perspective of the Board can be strengthened in any area; when applicable, the skills, knowledge, experience and perspective that new candidates possess; and whether or not candidates can devote sufficient time and resources to his or her duties. See "*Election of Directors – Experience and Background of Directors*".

The NCG Committee is of the opinion that it has proposed Board nominees with an effective range of relevant skills, knowledge, experience, character and diversity of perspective and thought.

### *Experience and Background of Directors*

The following table outlines the skills, knowledge and experience of the individual members of the Board (including, where applicable, proposed nominees) based on information provided by such individuals.

Director	Corporate Governance Expertise/ Board Member of a Public Issuer	Professional Designation	Risk Management	Enterprise Management	Strategic Planning	Business Operations	General Oil & Gas Experience	Drilling/Oil & Gas Service Sector Experience	International Experience	US Experience	Financial Designation/ CFO of a Public Issuer	Financial Literacy/Financial Reporting/Audit Committee	Investment Banking/Mergers & Acquisitions/Capital Markets	Tax Expertise	Legal/Regulatory Expertise	HR & Compensation	Health, Safety, Environment	Information Technology/Cyber Security	Marketing/Sales/Branding	Research & Development/ Technology Development
Randolph M. Charron	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓		✓	✓	
Karen David-Green	✓				✓		✓	✓	✓	✓		✓	✓			✓			✓	
Terry D. Freeman	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			✓		
Lawrence M. Hibbard	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓				✓	✓		✓	✓
John M. Hooks	✓				✓	✓	✓	✓	✓	✓		✓							✓	✓
Myron A. Tétreault	✓	✓			✓	✓	✓	✓	✓			✓	✓		✓	✓	✓			
Roger D. Thomas	✓		✓	✓	✓	✓	✓		✓	✓		✓	✓			✓	✓		✓	
Total	7	2	4	4	7	6	7	6	6	6	1	7	4	1	2	6	4	1	5	3

### *Additional Disclosures Relating to Proposed Directors*

Other than as described herein, to the Board's knowledge, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (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 issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**order**"), (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer, 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, or (c) while that person was acting in the 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; (ii) has, within the last 10 years, 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 (iii) 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.

### *Advance Notice By-law*

The Board of the Corporation has adopted By-Law No. 2 regarding advance notice of nominations of directors of the Corporation, which was ratified by the shareholders of the Corporation at the 2016 annual meeting (the "**Advance Notice By-law**"). A copy of the Advance Notice By-law can be found under the Corporation's profile on SEDAR and on the Corporation's website.

The purpose of the Advance Notice By-law is to provide Shareholders, the Board and management of the Corporation with a clear framework for director nominations to help ensure orderly business at meetings of shareholders. Among other things, the Advance Notice By-law fixes a deadline by which you must submit director nominations to the Corporation prior to any annual or special meeting of shareholders. It also specifies the information that a nominating shareholder must include in the notice to the Corporation in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

The directors of the Corporation are committed to: (a) facilitating an orderly and efficient annual general or special meeting process; (b) ensuring that all Shareholders receive: (i) adequate notice of director nominations; and (ii) sufficient information in advance of an annual general or special meeting with respect to all director nominees and the ownership interests (including derivatives, hedged positions and other economic incentives and voting interests) of the nominating shareholder in order to assess the qualifications of the proposed nominees for election to the Board and the nature of the nominating shareholder's interest in the Corporation; and (c) allowing Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of shareholders and outlines the specific information that a nominating shareholder must include in the written notice to the Corporate Secretary of the Corporation for an effective nomination to occur. No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of shareholders, notice to the Corporate Secretary of the Corporation must be made not less than thirty (30) days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth (10th) day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting was made. The Board may, in its sole discretion, waive any provisions of the Advance Notice By-law.

As of the date of this Information Circular – Proxy Statement, the Corporate Secretary has not received any nominations by way of the advance notice mechanism.

### **Appointment of Auditors**

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to re-appoint the firm of KPMG LLP, Chartered Professional Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of the Shareholders and to authorize the directors of the Corporation to fix their remuneration as such. KPMG LLP have been the auditors of the Corporation since its formation and were the auditors of the Corporation's predecessors, Phoenix Technology Income Fund and Phoenix Technology Services Ltd.

### **Three Year Re-Approval of Unallocated Options Pursuant to the Corporation's Option Plan and Approval of Amendments**

The Corporation has a share option plan (the "**Option Plan**"), which is described under the heading "*Statement of Executive Compensation – Incentive Plans – Share Option Plan*" below. A complete copy of the Option Plan is attached at Appendix "C" hereto.

The Option Plan and unallocated share options ("**Options**") thereunder were last approved by the Corporation's Shareholders on May 7, 2019. When Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under an outstanding Option are referred to as allocated Options. The Corporation has additional Common Shares that may be issued under the Option Plan but as they are not subject to current Option grants, they are referred to as unallocated Options.

As at March 15, 2022, the Corporation had Options to purchase 1,770,000 Common Shares (equal to approximately 3.5% of the outstanding Common Shares) outstanding under the Option Plan, leaving unallocated Options to purchase an aggregate of 3,257,057 Common Shares (equal to approximately 6.5% of the outstanding Common Shares) available for future grants based on the number of outstanding Common Shares.

Section 613(a) of the Toronto Stock Exchange Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under

such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer's directors and by the issuer's security holders. As the Corporation's Option Plan is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Option Plan is not a fixed number but is instead equal to 10% of the outstanding Common Shares, approval is being sought at the Meeting to approve the grant of unallocated Options under the Option Plan. If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Options under the Option Plan until May 5, 2025.

If approval is not obtained at the Meeting, Options which have not been allocated as of May 7, 2022 and Options which are outstanding as of May 7, 2022 and which are subsequently cancelled, terminated or exercised, will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the HRC Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, Retention Awards, a share appreciation plan or other means in order to attract and retain qualified personnel.

In conjunction with the three-year Option Plan renewal process, the Corporation's Option Plan was reviewed against the latest guidance from institutional shareholder advisory firms including Institutional Shareholder Services and Glass Lewis. As a result of that review, the Board has approved, subject to the approval of the Corporation's Shareholders at the Meeting, minor updates to Section 20(a)(ii) of the Option Plan as follows (the "**Proposed Amendment**"):

The pre-amended provision reads, in part, as follows:

"Without the prior approval of the Shareholders, or such approval as may be required by the Exchange, the Committee may not: ... (ii) reduce the exercise price of any outstanding Options;"

Subject to Shareholder approval of the Proposed Amendment, the provision will be updated to comply with ISS guidance and read as follows:

"Without the prior approval of Shareholders, and such approval as may be required by the Exchange, the Committee may not: ... (ii) reduce the exercise price of any outstanding Options (including, without limitation, any cancellation or reissuance of any Option constituting a reduction of the exercise price);"

The Proposed Amendment has been approved by The Toronto Stock Exchange, subject to Shareholder approval. The Board has also approved certain other less substantive amendments to the Option Plan which have also been approved by The Toronto Stock Exchange and which do not require Shareholder approval under the terms of the Option Plan ("**Housekeeping Amendments**"). The Housekeeping Amendments consist of the following: (i) minor amendments to differentiate between Canadian and U.S. resident grantees for tax purposes; (ii) minor amendments to update certain definitions to correspond with TSX requirements; and (iii) adding new definitions for "Termination Date" and "Option Termination Date" and corresponding use of such terms in the applicable provisions so as to provide greater clarity as to employment and option termination dates for purposes of the Option Plan. The actual dates of termination of Options did not change under these Housekeeping Amendments.

The Board has unanimously approved, subject to regulatory and Shareholder approval, the grant of unallocated Options under the Option Plan. At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution as follows:

"BE IT RESOLVED, as an ordinary resolution of PHX Energy Services Corp. (the "**Corporation**") that:

1. all unallocated options issuable pursuant to the Corporation's share option plan are approved and authorized until May 5, 2025;

2. the Proposed Amendment, as defined and described in the information circular and proxy statement of PHX Energy services Corp. dated April 1, 2022, be and is hereby ratified, confirmed and approved;
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to 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.

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for approval of the foregoing resolution.

### **INFORMATION CONCERNING THE CORPORATION**

The Corporation is a growth-oriented, public oil and natural gas services company. The Corporation has been engaged in the business of providing horizontal and directional drilling technologies and services to the oil and natural gas industries since it was founded in 1995.

#### **Voting Shares and Principal Holders Thereof**

The Corporation is authorized to issue an unlimited number of Common Shares. As at the Record Date, 50,540,571 Common Shares of the Corporation were 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 not less than two persons are present at the Meeting holding or representing by proxy not less than 5% of the shares entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at the Record Date, no person or company beneficially owned, controlled or directed, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, except as set forth in the table below:

<b>Name and Place of Residence</b>	<b>Number of Voting Securities</b>	<b>Percentage of Class</b>
GMT Capital Corp. <sup>(1)</sup> Atlanta, USA	6,301,700	12.54%
John M. Hooks Alberta, Canada	5,299,209	10.49%

Note:

- (1) Based on information on public filings made by the above entity and as of the date of the last public filing by such entity.



## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Governance

#### *Composition of the HRC Committee*

The Board has appointed a HRC Committee comprised of Roger D. Thomas (Chair), Myron A. Tétreault, Karen David-Green and Randolph M. Charron all of whom are "independent" directors for the purposes of National Policy 58-201 - Corporate Governance Guidelines. The following table sets forth the relevant education and experience of each member of the HRC Committee that enables such member to make decisions on the suitability of the Corporation's compensation policies and practice:

Name and municipality of residence	Relevant education and experience
Roger D. Thomas Calgary, Alberta, Canada	Mr. Thomas has over 25 years of senior management experience in the oil and gas industry where he dealt with a wide variety of human resources and compensation issues. He has served on numerous corporate and not for profit boards. He has been Chairman of The Canadian Chamber of Commerce, the Canadian Association of Petroleum Producers, the Alberta Chamber of Resources and Maxxam Analytics International Corporation. He was also Chairman of the Compensation Committee for Flint Energy Services and WestFire Energy Inc. Mr. Thomas currently serves as Chairman of the Board and a member of the Audit, Risk and Environment and Governance and Human Resources Committees of Fortis Alberta Ltd.
Myron A. Tétreault Calgary, Alberta Canada	Mr. Tétreault has a Bachelor of Business Administration degree and Juris Doctor degree, and has acquired significant experience related to human resources and compensation issues through his more than 20 years of involvement as a director and senior officer of various public and private companies. In 2022, Mr. Tetreault completed the ICD program through the Rotman School of Business and now holds the ICD.D designation. In his roles as a director and/or senior officer of various companies such as Pieridae Energy Limited (formerly Petrolia, Inc.), Northern Vision Developments LP, Webber Academy Foundation, Stoked Oats Ltd., MicroPlanet Technology Corp., Octane Energy Services Ltd. and Total Energy Services Ltd., he has dealt with a variety of human resources and compensation issues. He has also served as the Chair of the Governance and Compensation Committees for Petrolia, Inc. and Northern Vision Development LP, where he helped establish and oversee the compensation structures for those organizations. He is currently the Chairman of Pieridae Energy Limited and Lead Director of PHX Energy Services Corp., and was formerly the Chair of the Audit Committee of Northern Vision Development LP and the Chair of the Finance Committee and Audit Committee of Webber Academy Foundation.
Karen David-Green Houston, Texas U.S.A.	Ms. David-Green has acquired significant experience related to human resources and compensation issues through her senior leadership positions on Wall Street for 15 years and in the corporate sector for 12 years. She is currently the Chief Communications, Stakeholder and Sustainability Officer for ExproGroup, a leading provider of global energy solutions. Prior thereto she served as the Sr. Vice President of Stakeholder Engagement and Chief Marketing Officer of Weatherford International plc from 2018-2020, and Vice President, Investor Relations, Corporate Marketing & Communications from 2015-2018. She served as President of the Weatherford Foundation, Inc., Chairwoman of the Sustainability Leadership Council, Executive Member of the Disclosure Committee, as well as co-founder of the Diversity Equity & Inclusion Network. She currently serves on the Board of Paragon Integrated Services Group, a private integrated energy and environmental service company based in Houston, Texas and on the Board of several non-profit organizations. Ms. David-Green holds a Directorship Certification from the National Association of Corporate Directors.

Name and municipality of residence	Relevant education and experience
Randolph M. Charron Calgary, Alberta Canada	Mr. Charron has over 35 years of senior management experience in the oil and gas services sector and serving as a director of various public companies within the oil and gas services industry, and thus has experience with various human resources and compensation issues. Mr. Charron is the acting President and Director of Star Valley Drilling Limited, a private Canadian drilling contractor and the President of Characo Corporation, a private oil and gas investment firm and is a Director of Calgary Airport Authority. He was the founding director of Xtreme Drilling Corp. (formerly Xtreme Drilling and Coil Services Corp.) from 2005 to June 2018 and was also Chair of the Compensation Committee during his tenure. Mr. Charron was also a Director of Wrangler West Energy Corp. from 2003 to 2014; prior thereto, Vice President and Founding Director of Artisan Corporation, a publicly traded Canadian oilfield service provider. Mr. Charron has served the industry as a director of the Canadian Association of Oil Well Drilling Contractors (CAODC), Chairman of the Petroleum Industry Annual Safety Seminar and Director of Program Committee of the Petroleum Industry Training Services (PITS).

### *HRC Committee Mandate and Terms of Reference*

The Board has adopted a mandate and terms of reference for the HRC Committee which provides that it is the HRC Committee's responsibility to formulate and make recommendations to the Board in respect of compensation issues relating to directors, officers and employees of the Corporation. Without limiting the generality of the foregoing, the HRC Committee has the following duties:

- (i) to review the compensation philosophy and remuneration policy for employees (including officers) of the Corporation, which includes consideration of the Corporation's business objectives, and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (ii) to review talent management practices for critical skills required to execute the Corporation's strategic goals and business objectives;
- (iii) to consider the implications and the risks associated with the Corporation's compensation policies and practices;
- (iv) to review and recommend to the Board the retainer and fees to be paid to members of the Board, members of committees of the Board, and chairs of the various committees of the Board;
- (v) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
- (vi) to recommend to the Board with respect to non-CEO officer and director compensation including to review management's recommendations for incentive-compensation plans and equity-based plans for non-CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (vii) to oversee succession planning for officers of the Corporation and periodically review job descriptions related to the officer positions within the Corporation, specifically for the position of CEO and President;
- (viii) to administer the share option plan ("**Option Plan**"), retention award plan ("**Retention Award Plan**" or "**RAP**"), and any other incentive plans (collectively, the "**Incentive Plans**") approved by the Board in accordance with their respective terms including recommending the grant of options, retention awards or other incentives under the Incentive Plans in accordance with the terms thereof;

- (ix) to determine and recommend for approval of the Board bonuses to be paid to officers and employees of Corporation and its subsidiaries, as applicable, and to establish targets or criteria for the payment of such bonuses, if appropriate;
- (x) to prepare and submit a report of the HRC Committee to the Board for approval of the Board and inclusion of annual disclosure required by applicable securities laws to be made by Corporation including the Statement of Executive Compensation as well as the summary of director remuneration required to be included in the information circular – proxy statement of Corporation and review other executive compensation disclosure before the Corporation publicly discloses such information; and
- (xi) to review management's reports to the HRC Committee on significant human resources policies of the Corporation and human resources issues.

The HRC Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time. All members of the HRC Committee are required to be independent, as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the HRC Committee, meetings of the HRC Committee are to take place at least one time per year and at such other times as the Chair of the HRC Committee may determine.

#### ***Compensation Consultant or Advisor***

Early in 2021, the Corporation retained Lane Caputo Compensation Inc. (the "Consultant") to assist the HRC Committee in reviewing our compensation programs. This was undertaken given the challenging circumstance and industry conditions that persisted in the 2020-year. The mandate given to the Consultant included, without limitation: (i) review of the Corporation's current approach to executive compensation and the appropriateness of the Corporation's comparator group of companies for benchmarking compensation; (ii) review the alignment of the Corporation's current approach to executive compensation to its business strategy within the context of peer and best practices; (iii) the identification of appropriate benchmarks for comparable executive positions; (iv) a review of the competitiveness of the Corporation's total compensation package; and (v) the development of directional recommendations for the HRC Committee's consideration.

The aggregate fees billed by the Consultant for services rendered in the two most recently completed financial years were as follows:

<b>Year Ended December 31</b>	<b>Executive Compensation Related Fees</b>	<b>All Other Fees</b>
2020	-	-
2021	\$7,009	-

#### **Compensation Discussion and Analysis**

##### ***General***

The Board is accountable to the Corporation's Shareholders for the overall stewardship of the Corporation. Both the Board and the HRC Committee have worked diligently in the past, and over the past number of years in particular given challenging industry conditions, to oversee the Corporation's affairs and to work with, and support, management in regards to the Corporation's strategic direction, value creation, risk oversight and governance.

The Board's accountability includes a commitment to provide Shareholders with transparent information in regards to executive compensation philosophy and the associated programs that enable the Corporation to attract, motivate and retain the high quality executive talent needed to deliver Shareholder value.

The HRC Committee's philosophy and objectives with respect to compensation are directed primarily by two guiding principals. First, the program is intended to provide competitive levels of compensation, at expected levels of performance, in order to attract, motivate and retain talented employees. Second, the program is intended to create an alignment of interests between employees and Shareholders so that a significant portion of compensation is linked to maximizing Shareholder value. In support of this philosophy, the compensation program is designed to reward performance that is directly relevant to the Corporation's short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that is tied specifically to both corporate and individual performance targets established by the HRC Committee and the Board.

### *Compensation Principles and Objectives*

The HRC Committee undertakes a detailed review of executive compensation, peer benchmark analysis and risk considerations related thereto on an annual basis. The Corporation's compensation program is based on a "pay-for-performance" philosophy which supports its commitment to delivering continuous strong performance for its Shareholders. Compensation policies are founded on the principle that compensation should be aligned with the long-term interests of Shareholders and enhancement in share value, while also recognizing that the Corporation's corporate performance is dependent upon the retention of highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to successfully manage the Corporation's business. Compensation of all executive officers, including the CEO, is based on the underlying philosophy that such compensation should be competitive with other corporations operating in the Canadian oil and gas services industry and of similar size and complexity and should be reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. The program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the oil and gas services industry and the impact of internal and market-related occurrences from time to time.

The Corporation's compensation program for employees, including executive officers, is comprised of three components: (i) base salary and benefits, (ii) short-term incentive compensation comprised of an annual performance based cash bonus program and sales commissions for certain individuals, as applicable, and (iii) long-term incentive compensation comprised of equity-based options ("**Options**") and full-value retention awards ("**Retention Awards**") in the form of restricted awards ("**Restricted Awards**") and performance awards ("**Performance Awards**"). Together, these components are designed to achieve the following key objectives:

- aligning the compensation framework so as to promote and support the Corporation's overall business strategy and long-term strategic plans and objectives;
- to provide market competitive compensation that is substantially performance based by ensuring that a significant portion of annual and long-term incentive compensation is tied to corporate performance and, therefore, is at risk (not guaranteed) and variable year over year;
- to provide incentives which encourage superior corporate performance and retention of highly skilled and talented employees; and
- to align executive compensation, particularly by awarding a significant portion of long-term incentive compensation in the form of Options and Retention Awards, with corporate performance, total shareholder return and therefore Shareholders' interests.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of the Corporation's compensation package. The fixed element of compensation provides a competitive base of secure compensation required to attract and retain executive talent. The variable performance based, or "at risk" compensation, is designed to encourage both short-term and long-term performance of the Corporation. At more senior levels of the organization, a significant portion of compensation eligible to be paid is variable performance based compensation which places a greater emphasis on rewarding executives for their individual contributions, achievement of annual operating and financial goals, progress in executing upon the Corporation's business strategy and long-term value creation for Shareholders. Awarding a significant portion of short-term incentive compensation in the form of annual cash bonuses that are based upon specific performance targets, and longer term incentive compensation in the form of Options and Retention Awards, provides a direct link between corporate performance and the level of payout received.

In early 2017, upon the recommendation of the HRC Committee, the Board approved the addition of performance based awards to its executive compensation program so as to further align executive compensation with the long-term interests of Shareholders and enhancement in share value, which is consistent with the Corporation's pay-for-performance philosophy. As such, certain amendments to the Corporation's Retention Award Plan were made to introduce a differentiation between Restricted Awards and Performance Awards, through the use of a payout multiplier (the "**Payout Multiplier**") for the Performance Awards. The Payout Multiplier, which is linked solely to total shareholder return on the Common Shares relative to returns on securities of members of the Corporation's peer comparison group over the applicable period ("**Relative TSR**"), provides a direct link between shareholder return and the level of payout received, if any. If the Relative TSR is below the twenty-fifth (25<sup>th</sup>) percentile, the Payout Multiplier will be 0x and no payments will be made under the applicable Performance Awards. The Corporation's use of Performance Awards commenced with the granting of such awards in early 2017. All awards granted prior to 2017 were in the form of Restricted Awards. See "*Incentive Plans – Retention Award Plan*".

### **Compensation Review Process**

#### *Methodology and Competitive Factors*

When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation practices, the HRC Committee reviews the compensation policies and programs of companies in its selected peer group. These companies compete with the Corporation for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

Due to changes in the nature of certain peers' areas of business and amalgamations and mergers among the Corporation's peers, the HRC Committee modified the peer group in early 2021, while maintaining the objective of having peer companies who have a portion of their operations in the US market. The newly adopted peer group, presented below, was applicable for 2021 and consists of 14 similar sized oil and gas service companies that compete with the Corporation for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

<b>Comparator Group of Entities</b>	
Black Diamond Group Limited. <sup>1</sup>	KLX Energy Services Holdings, Inc. <sup>1</sup>
Calfrac Well Services Ltd. <sup>1</sup>	NCS Multistage Holdings <sup>1</sup>
CES Energy Solutions Corp. <sup>1</sup>	Pason Systems Inc. <sup>1</sup>
Cathedral Energy Service Ltd. <sup>1</sup>	ProPetro Holdings Corp. <sup>1</sup>
Essential Energy Services Ltd.	STEP Energy Services <sup>1</sup>
High Arctic Energy Services <sup>1</sup>	Total Energy Services Inc. <sup>1</sup>
Horizon North Logistics Inc.	Western Energy Services Corp.

Note:

- (1) Peer company with a portion or all of its operations in the US market

These entities represent the "market" in which the Corporation competes for senior management talent and for which comparative information is available. Management and the HRC Committee regularly review the comparator group and market data to ensure compensation effectiveness. Given the nature of the oil and gas services industry, change to the comparator group occur regularly as companies merge, are acquired and change over time. In addition, changes to the comparator group may be made from time to time as recommended by management and approved by the HRC Committee.

#### *Performance*

The Corporation's total compensation mix places a significant portion of the executives' compensation at risk. The design takes into account corporate and individual performance. Compensation practices, including the mix of base salary, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, account for external market trends and support the Corporation's short and long-term growth and strategic objectives.

In establishing overall compensation levels, the HRC Committee uses current levels of compensation as a starting point. The HRC Committee then assesses overall corporate performance and performance against a number of operating measures including, but not limited to, adjusted EBITDA results relative to the Corporation's annual budget approved by the Board. In addition, the HRC Committee considers the execution of the Corporation's business strategy, safety performance, and other elements such as balance sheet strength and debt management, growth in market share, ESG performance, profitability as a percentage of revenue and development of industry leading technologies.

The Chief Executive Officer may make recommendations to the HRC Committee with respect to compensation for employees, including the executive officers of the Corporation. In making such recommendations, the Chief Executive Officer reviews a number of factors including the compensation data compiled by management for its selected peer group, corporate performance as well as individual performance. The HRC Committee reviews the data and information provided by the Chief Executive Officer. Recommendations for executive compensation are then made by the HRC Committee to the full Board for approval.

In late 2020 and early 2021, the HRC Committee established strategic goals and performance targets for the organization. Additionally, they established the formula for calculating the Payout Multiplier, which is linked solely to Relative TSR, for Performance Awards to be granted in 2021. See "*Elements of PHX Energy's Executive Compensation Program – Long-term Incentive Compensation – Option and Retention Awards*".

The HRC Committee met in early 2022, following receipt of the Corporation's year end results, to review the Corporation's performance over the fiscal year ended December 31, 2021. In evaluating 2021 corporate achievements as well as individual executive performance, the HRC Committee considered a number of performance related results achieved by the Corporation within the context of uncertain market conditions that continued to challenge the oil and natural gas industry. During the year ended December 31, 2021, the Corporation executed on several material objectives, including, without limitation, managing the Corporation's risk, growth and cost structure as the industry began to recover from the downturn which resulted mainly from the impacts of the COVID-19 pandemic, managing the Corporation's response to COVID-19 pandemic that has persisted, preserving balance sheet strength and financial health of the Corporation by maintaining a position with zero bank debt and positive cash balances, achieving the highest level of profitability since 2014, exceeding internally established safety benchmarks, achieving recognition from a third party agency for its ESG program and performance, and the continued expansion, enhancement, development and successful deployment of new technologies.

The results of the HRC Committee's 2021 performance assessment resulted in the recommendations of the HRC Committee to the Board in respect of the approval of annual cash bonuses relative to 2021 performance. See "*Elements of PHX Energy's Executive Compensation Program – Short-term Incentives – Bonuses and Commissions*".

#### *Compensation Risks*

As described herein, the Corporation's executive compensation program is administered by the HRC Committee. In carrying out its mandate the implications of the risks associated with the Corporation's compensation policies and practices were discussed both by the HRC Committee and the Board. The HRC Committee and the Board do not believe the Corporation's compensation programs encourage its executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation, the following: (i) the Corporation's compensation policies and practices are substantively uniform throughout the organization and there are no significant differences in compensation structure among the senior executive officers that would be reasonably expected to promote excessive risk taking; (ii) the overall compensation program is market based and aligned with the Corporation's business plan and long-term strategies. The compensation package for executive officers consists of fixed (base salary) and variable elements (cash bonus, Options and Retention Awards) which are designed to balance short-term goals and the long-term interests of the Corporation and are aimed at creating sustainable value for Shareholders. The performance elements are linked to achievement of the Corporation's business goals and are reviewed annually by the HRC Committee; (iii) in exercising its discretion under the cash bonus plan, Option grants and Retention Awards, the HRC Committee reviews individual and corporate performance taking into account the long-term interests of the Corporation; (iv) the compensation expense to executive officers is not a significant percentage of the Corporation's revenue; (v) Options and Retention Awards

granted under the Option Plan and Retention Award Plan, respectively, generally vest over a 2.5 to 3 year period which further mitigates any short-term risk taking potential; and (vi) senior executive officer goals, objectives and performance are reviewed annually and considered in awarding compensation and such discretionary judgment is applied in awarding both performance based bonuses under the cash bonus plan and future compensation.

### ***Elements of PHX Energy's Executive Compensation Program***

#### *Base Salaries and Benefits*

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. The HRC Committee compares the base salaries of the Corporation's executive officers, including that of the Chief Executive Officer, with that of officers within its selected peer group. In setting base compensation levels, consideration is also given to objective factors such as level of responsibility, experience and expertise as well as subjective factors such as leadership. Base salaries paid to executive officers of the Corporation, including the Chief Executive Officer, are reviewed annually. Annual salary adjustments take into account the market value of the role and the executive officer's demonstration of capability and performance during the year. Salaries for executive officers are not determined based on specific benchmarks, performance goals or a specific formula. Historically, the Board has encouraged an executive compensation philosophy based on a pay-for-performance model where a significant component of total compensation is variable and performance based as described below.

In assessing comparability and competitiveness, the HRC Committee relies upon salary and other remuneration data, and other compensation information obtained from public disclosure documents of peer issuers. Consideration was given to the time period evaluated in industry surveys and public data and to the business climate applicable at the time with respect to industry demand for experienced personnel.

The benefits package for executive officers consists of an insurance plan, access to a company automobile or car allowance, and parking, which the HRC Committee considers comparable to benefits provided to executives of other publicly traded oil and gas service companies.

#### *Short-term Incentives – Bonuses*

The Corporation has established a performance based cash bonus plan, pursuant to which annual cash awards may be made to employees, including executive officers, based principally on the achievement of annual corporate, as well as individual performance objectives. Bonuses may be paid at the discretion of the Board upon recommendation of the HRC Committee. Annual bonus amounts for executive officers are assessed based principally upon the corporate performance targets and strategic objectives established by the HRC Committee and Board annually and which include such measures as adjusted EBITDA results relative to budget, technology advancement, safety performance, ESG performance, preservation of balance sheet strength, operating margins and successful execution of the Corporation's business strategy. While the HRC Committee relies upon certain performance targets set by it annually in the first instance, the HRC Committee has the discretion to set bonuses within the context of extraordinary events or special circumstances including, without limitation, the impact of material acquisitions, or other strategic transactions, successful execution of corporate strategy or prevailing market conditions. In addition, the bonus amounts reflect discretionary components based upon subjective factors, including performance of the individual.

In early 2022, after the 2021 financial and operating results were available, the HRC Committee met to assess annual bonuses to employees, including eligible executive officers of the Corporation. For 2021, the following pre-determined corporate performance criteria were utilized for purposes of the initial assessment of the annual bonuses for eligible executive officers:

% of Budgeted Adjusted EBITDA <sup>(1) (2)</sup> Achieved	Bonus as % of Adjusted EBITDA	
	President and Senior Vice Presidents	CEO
Less than 80%	No Bonus	No Bonus
80%	0.80%	1.60%
90%	0.90%	1.80%
100%	1.00%	2.00%
110%	1.10%	2.20%
120%	1.20%	2.40%
130% or greater	1.30%	2.60%

Notes:

- (1) Adjusted EBITDA is derived from the Corporation's audited financial statements for the year ended December 31, 2021, subject to the HRC Committee's discretion to make any further adjustments as deemed appropriate for compensation purposes. For the purposes of calculating the 2021 bonuses, the HRC Committee determined to add back equity settled share-based compensation to adjusted EBITDA as reported.
- (2) Adjusted EBITDA is a non-International Financial Reporting Standards ("**IFRS**") measure and may not be comparable to measures used by other entities. See the Corporation's financial statements and management's discussion and analysis ("**MD&A**") for the year ended December 31, 2021 filed on SEDAR for definitions, calculations and reconciliations to the nearest IFRS measure.

In 2021, the Corporation recorded 188% of its budgeted adjusted EBITDA, which resulted in the HRC Committee recommending a bonus of 2.60% of adjusted EBITDA to the CEO made payable in Restricted Awards, 1.50% of adjusted EBITDA to the President (of which 0.2% was over and above the matrix attributed to strong individual performance and made payable in cash conditioned on being used to purchase Common Shares in the open market) and 1.30% of adjusted EBITDA to the other executive officers made payable in cash (the "**Annual EBITDA Bonus**"). See "*Summary Compensation Table*".

With respect to executives that reside in the U.S., in order to promote share ownership and better align compensation methodology across the organization, such individuals that elect to use their cash Annual EBITDA Bonus, or portion thereof, to promptly purchase common shares in the open market are entitled to a gross up of 1.25 times on that portion of the Annual EBITDA Bonus used to purchase such shares. In 2021, Mr. Buker was the only executive to make said election. See "*Summary Compensation Table*".

In addition, the Corporation's executive compensation program has a discretionary component to reward individual performance, whereby the HRC Committee reviews the performance of executive officers within the context of role specific individual performance objectives established at the beginning of each year, as approved by the Board upon the recommendation of the HRC Committee. In early 2022, after the 2021 financial and operating results were available, the HRC Committee met to assess performance as it related to these pre-determined objectives. As a result of its assessment of individual performance, the HRC Committee determined that an additional bonus, payable in Restricted Awards was warranted. As a result, Restricted Award grants in the range of 13,500 to 22,500 per eligible executive officer were approved and awarded in early March 2022 (the "**Annual Personal Objective Bonus**"). Below is a summary of the objectives set and achieved for each of the eligible executives in 2021.



Personal Objective	Objective Achieved of Total Objective				
	J. Hooks	M. Buker	C. Ritchie	C. Brown	J. Shafer
Contribution to exceeding industry standard safety performance as measured by total recordable incident rate ("TRIF")	1 of 1	1 of 1	1 of 1	1 of 1	1 of 1
Contribution to ESG performance as measured by achieving recognition from a third party agency as measured by score achieved	1 of 1	1 of 1	1 of 1	1 of 1	1 of 1
Contribution to maintaining balance sheet strength as measured by net debt and working capital ratio, free cash flow yield, cash flow and inventory	1 of 1	N/A	2 of 2	N/A	N/A
Contribution to the enhancement, development and successful deployment of premium technologies measured by commercialization and technology performance targets	0 of 1	1 of 1	1 of 1	2 of 3	1 of 1
Contribution to financial and operational growth in certain operating regions and service offerings as measured by market share, revenue and profitability	0 of 1	0 of 2	N/A	N/A	1 of 1

*Long-term Incentive Compensation – Options and Retention Awards*

Officers, employees and consultants of the Corporation are eligible to participate in the Option Plan. Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. Options are generally granted once annually to executive officers to be consistent with industry practices. Option grants to new employees are recommended by management on a case by case basis and approved by the Board. Additional grants may be made periodically upon recommendation of the HRC Committee in exceptional circumstances. In considering additional Option grants, a number of factors are considered including the number of outstanding Options held by such individual, the value of such Options held by them and the total number of available Options for grant. The Option Plan is utilized with a view of retaining key executives and management, encouraging long-term growth and aligning long-term compensation of senior management with the interests of Shareholders. See "*Incentive Plans – Share Option Plan*" for additional information concerning the Option Plan.

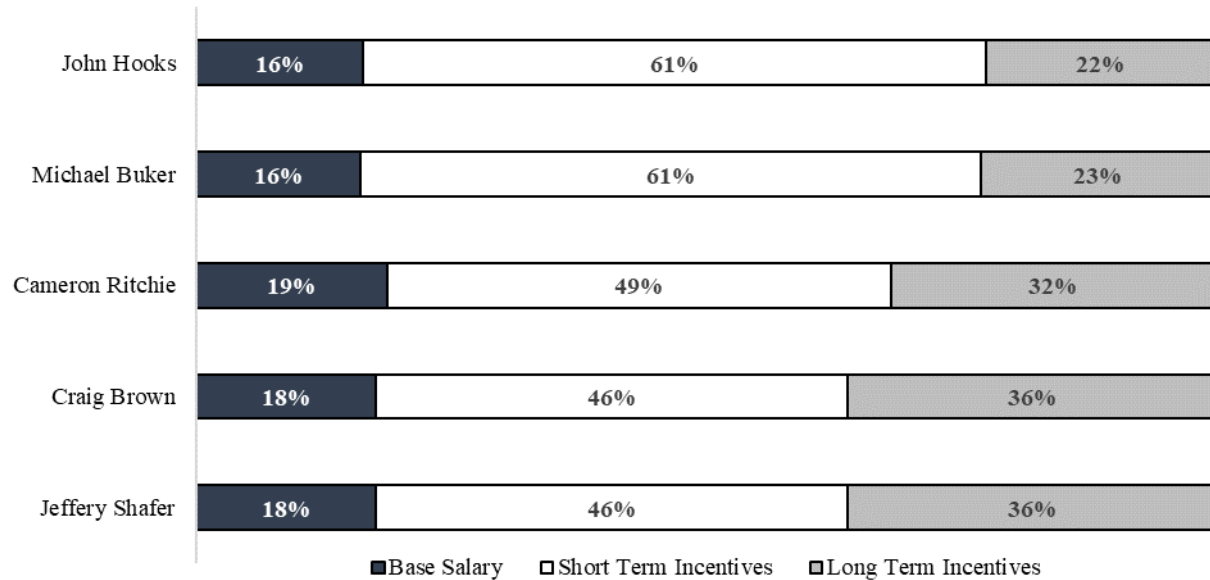
The Corporation's full-value Retention Award Plan is designed to supplement the Option Plan and to focus and reward executives and employees for enhancing total shareholder return over the long-term both on an absolute and relative basis. The Retention Award Plan results in eligible participants receiving compensation in relation to the value of a specified number of underlying notional Retention Awards in the form of Restricted Awards and Performance Awards.

The Retention Award Plan differentiates between Restricted Awards and Performance Awards, through the use of a Payout Multiplier for the Performance Awards. Award grants to executive officers are heavily weighted to Performance Awards. The Payout Multiplier applied to Performance Awards at the time of vesting, which is linked solely to Relative TSR, provides a direct link between shareholder return and the level of payout received, if any. If the Relative TSR is below the twenty-fifth (25<sup>th</sup>) percentile, the Payout Multiplier will be 0x and no payment will be made under the applicable Performance Awards. The Corporation's use of Performance Awards commenced with the granting of such awards in early 2017. All awards granted prior to 2017 were in the form of Restricted Awards. See "*Incentive Plans – Retention Award Plan*".

Historically, all Retention Awards were only eligible to be settled in cash. In May 2021, the Board approved certain amendments to the Retention Award Plan to provide the Corporation with additional flexibility to permit vested Restricted and Performance Awards to be settled in, at the option of the Corporation, either cash or common shares acquired by an independent trustee in the open market from time to time for such purposes. Pursuant to the terms of the Retention Award Plan, as amended, if common shares are used to settle awards, an additional multiplier to the award value of 1.25 times is applied.

*Summary of Elements of 2021 Executive Compensation*

The following chart outlines the total direct compensation break-down amongst the above-noted compensation categories for the year ended December 31, 2021.



*2021 Option Awards and Three-Year Burn Rate*

The following table summarizes the number of Options granted during the periods noted below and the potential dilutive effect of such Options.

Period	Options Granted (#)	Weighted Average Common Shares Outstanding	Burn Rate <sup>(1)</sup>
2019	250,000	56,229,355	0.4%
2020	250,000	52,580,347	0.5%
2021	500,000	49,549,967	1.0%

Note:

- (1) The burn rate for a given period is calculated by dividing the number of Options granted during such period by the weighted average number of Common Shares outstanding during such period.

### 2021 Incentive Awards

In February of 2021, the Board, upon unanimous recommendation of the HRC Committee, approved the annual awards under the Retention Award Plan.

Name	Restricted Awards (#)	Performance Awards (#) <sup>(1)</sup>	Performance Awards as % of Total Award (%)
John Hooks	-	150,000	100
Michael Buker	-	150,000	100
Cameron Ritchie	-	150,000	100
Craig Brown	-	150,000	100
Jeffery Shafer	-	150,000	100

Note:

- (1) The Performance Awards were all granted effective March 5, 2021. The value of these grants is reported in the *Summary Compensation Table* below.

Pursuant to the terms of the Retention Award Plan, the payout multiplier for Performance Awards depends solely on Relative TSR. See "*Incentive Plans – Retention Award Plan*". For the Performance Awards granted in 2021, the Payout Multiplier for the first tranche, which vested on March 7, 2022 was calculated pursuant to the pre-established formula to be 2x based on PHX Energy's percentile ranking of Relative TSR being in the 85<sup>th</sup> – 100<sup>th</sup> percentile.

#### ***Restrictions on Purchase of Financial Instruments***

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

#### ***Clawback Policy***

In early 2017, the Board adopted and approved a formal recoupment or "clawback" policy on executive incentive compensation including, without limitation, with respect to cash bonuses and Retention Awards that may be awarded to PHX Energy's senior management team when: (i) any of these individuals engages in fraud or willful misconduct which causes or significantly contributes to a re-statement of the Corporation's financial statements due to material non-compliance with any applicable financial reporting requirement under securities laws; (ii) the individuals received incentive compensation calculated on the achievement of those financial results; and (iii) the incentive compensation received would have been lower had the financial statements been properly reported. The policy provides that when a clawback is triggered, the Board may, on the recommendation of the HRC Committee, require the individual to repay the amount of incentive compensation relating to the year(s) subject to the restatement (or received upon exercise of payment of incentive compensation in or following the year(s) subject to the restatement) that is in excess of the incentive compensation the individual would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after tax basis.

#### ***Share Ownership Guidelines***

In order to align interests of executive officers, directors and Shareholders, in November 2016 the Board adopted share ownership guidelines for each of the Corporation's executive officers, including the Chief Executive Officer, and the independent directors. The Chief Executive Officer is required to own and to maintain, directly or

indirectly, a minimum number of Common Shares representing the value of not less than three (3) times his annual base salary. In the case of the President and Senior Vice Presidents, the threshold is two (2) times annual base salary, and in the case of the other Vice Presidents, the threshold is one (1) times annual base salary. Each non-management director is required to own and maintain, directly or indirectly, a minimum number of Common Shares having a value of not less than three (3) times the annual cash retainer payable to such directors for services rendered to the Corporation. Any newly appointed directors and executive officers are required to satisfy the guidelines within five (5) years of the date of appointment.

The following table sets out the ownership value guideline for each executive officer and non-management director and whether they have met such guideline (as at the date hereof).

<b>Name</b>	<b>Principal Position</b>	<b>Ownership Value Guideline<sup>(1)</sup> (\$)</b>	<b>Guideline Met (Y) or In Progress (IP)<sup>(2)</sup></b>
John M. Hooks	Chief Executive Officer	1,275,000	Y
Michael Buker	President	824,070	Y
Cameron M. Ritchie	Senior Vice President, Finance and Chief Financial Officer	760,680	Y
Craig Brown	Senior Vice President, Engineering and Technology	600,000	Y
Jeffery Shafer	Senior Vice President, Sales and Marketing	600,000	Y
Randolph M. Charron	Director	90,000	Y
Karen David-Green	Director	90,000	IP
Terry D. Freeman	Director	90,000	Y
Lawrence M. Hibbard	Director	90,000	Y
Roger D. Thomas	Director	90,000	Y
Myron A. Tétrault	Director	90,000	Y

**Notes:**

- (1) The ownership value guideline for the executive officers is based on 2021 base salaries. For compensation paid in \$US to Messrs. Buker and Ritchie who reside in the US, an average exchange rate of \$1.2678 was used.
- (2) Individuals are in compliance if the adjusted cost base of their Common Shares (i.e., the amount paid to acquire the Common Shares) exceeds their ownership guideline.

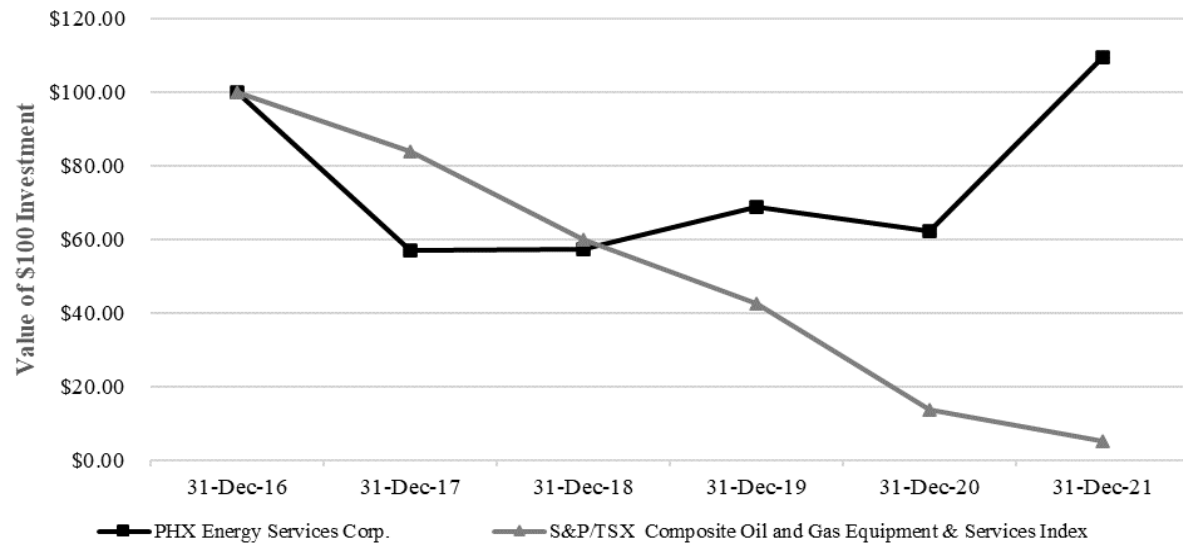
**Summary**

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 HRC Committee has reviewed the compensation regime and is satisfied that the current levels of total compensation are reflective of competitive market practices, align pay-for-performance with the interests of Shareholders and support the Corporation's objective to attract, retain and motivate highly capable executive talent. Through the compensation program described above, a significant portion of the compensation for all employees, including executives, is based on corporate performance, as well as industry-competitive pay practices. The HRC 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.

## Performance Graphs

### Total Shareholder Return

The following graph compares the cumulative total return for \$100 invested in the Corporation over the periods indicated in comparison to the S&P/TSX Composite Oil & Gas Equipment and Services Index.



	PHX Energy Services Corp.	S&P/TSX Composite Oil and Gas Equipment & Services Index
December 31, 2016	\$100.00	\$100.00
December 31, 2017	\$57.18	\$ 83.89
December 31, 2018	\$57.42	\$59.97
December 31, 2019	\$68.86	\$42.60
December 31, 2020	\$62.15	\$13.65
December 31, 2021	\$109.56	\$5.19

Note:

- (1) The graph reflects the total cumulative return, assuming the reinvestment of all distributions and dividends where applicable.

Cumulative shareholder return performance reflects both operational and financial performance within the Corporation's control as well as volatile commodity prices and economic and market conditions beyond its control with the impact of the decline in the global economy and, more recently, with the collapse of North American natural gas prices and world oil prices.

Salaries and bonuses for the Corporation's executive officers are based in part on the achievement of certain pre-determined performance targets at the beginning of each fiscal year. The achievement of these objectives is measured against corporate and individual targets, as described earlier, and does not necessarily track the changes in the market value of the Common Shares. However, the compensation received by the Named Executive Officers (as defined herein) has historically generally corresponded with fluctuations in the Corporation's total return over the periods indicated on the above graph due to the inherent link between the value of Options and Retention Awards granted under the Option Plan and Retention Award Plan, respectively, and fluctuations in the market price of its Common Shares. The Corporation's long-term incentive plans are designed to align the interests of all employees with Shareholders by linking a component of compensation to share performance.

### Summary Compensation Table

The following table sets forth, for the years ended December 31, 2021, 2020 and 2019, information concerning the compensation paid to the Corporation's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers, other than the CEO and CFO, at the end of the year ended December 31, 2021 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs"). All amounts are in Canadian dollars.

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(1)</sup> (\$)	Share-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(4)</sup>	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John M. Hooks Chief Executive Officer	2021	425,000	94,000	411,000	1,661,970 <sup>(3)</sup>	-	-	50,500 <sup>(6)</sup>	2,642,470
	2020	403,750	39,150	466,142	775,000 <sup>(4)</sup>	-	-	283,627 <sup>(6)(9)</sup>	1,967,669
	2019	425,000	61,000	521,499	1,253,436 <sup>(4)</sup>	-	-	65,500 <sup>(6)</sup>	2,326,436
Michael Buker <sup>(10)</sup> President	2021	412,035	97,000	411,000	1,526,540 <sup>(3)</sup>	-	-	31,695 <sup>(7)</sup>	2,478,270
	2020	393,101	40,750	495,025	470,620 <sup>(4)</sup>	-	-	140,330 <sup>(7)(9)</sup>	1,539,825
	2019	422,110	60,500	496,499	865,276 <sup>(4)</sup>	-	-	32,470 <sup>(7)</sup>	1,876,855
Cameron M. Ritchie <sup>(10)</sup> Senior Vice President, Finance and Chief Financial Officer	2021	380,340	97,000	411,000	1,138,292 <sup>(3)</sup>	-	-	-	2,026,632
	2020	362,862	40,750	495,025	470,620 <sup>(4)</sup>	-	-	67,167 <sup>(9)</sup>	1,436,424
	2019	367,870	61,000	471,498	865,276 <sup>(4)</sup>	-	-	-	1,765,645
Craig Brown Senior Vice President, Engineering and Technology	2021	300,000	94,000	411,000	899,385 <sup>(3)</sup>	-	-	3,846 <sup>(8)</sup>	1,708,231
	2020	285,000	39,150	480,584	425,000 <sup>(4)</sup>	-	-	124,000 <sup>(9)</sup>	1,353,734
	2019	300,000	61,000	471,498	676,718 <sup>(4)</sup>	-	-	-	1,509,216
Jeffery Shafer Senior Vice President, Sales and Marketing	2021	300,000	94,000	411,000	899,385 <sup>(3)</sup>	-	-	-	1,704,385
	2020	285,000	39,150	495,025	400,000 <sup>(4)</sup>	-	-	38,750 <sup>(9)</sup>	1,257,925
	2019	300,000	61,000	521,499	689,218 <sup>(4)</sup>	-	-	-	1,571,717

#### Notes:

- (1) Reflects Options granted under the Option Plan based on the grant date fair value of the applicable Options. The grant date fair value for compensation purposes is calculated using Black-Scholes option pricing methodology with the following assumptions: risk free interest rate of 2021 – 0.3%, 2020 – 0.81% and 2019 – 1.65%; annual dividends of 2021 – 3.61, 2020 – nil and 2019 – nil; a five-year term for 2021, 2020 and 2019; forfeiture rate of 2021 – nil, 2020 – nil and 2019 – nil; and volatility of 2021 – 57% 2020 – 46% and 2019 – 56%.
- (2) This column shows the long-term incentive annual award of Retention Awards in the form of Restricted Awards and Performance Awards under the Retention Award Plan. The actual value realized pursuant to such Retention Awards may be greater or less than the indicated value. For additional information regarding the valuation methodology, see "*Incentive Award Valuation*" below.
- (3) Reflects amounts awarded to the NEOs under PHX Energy's annual bonus plan for performance in 2021 comprised of the Annual EBITDA Bonus which in the case of Mr. Hooks was made payable in Restricted Awards and in all other cases was payable in cash. Also included in this amount is the Annual Personal Objective Bonus which is payable in Restricted Awards. The total amounts shown in the table reflect a grant date award value of the bonus Restricted Awards of \$1,661,970, \$82,080, \$136,800, \$109,440 and \$109,440, respectively, in 2021. See "*Compensation Discussion and Analysis – Short-term Incentives – Bonuses*".

- (4) Reflects amounts awarded to the NEOs under PHX Energy's annual bonus plan in respect of the fiscal years then ended. A portion of the aggregate cash bonus award in 2019 and 2020 was made payable in the form of Restricted Awards issued under the Retention Award Plan. The total amounts shown in the table reflect a grant date award value of the bonus Retention Awards of \$75,000, \$100,000, \$100,000, \$87,500 and \$100,000, respectively, in 2019; and \$75,000, \$25,000, \$25,000, \$75,000 and \$50,000, respectively in 2020. See "*Compensation Discussion and Analysis – Short-term Incentives – Bonuses*".
- (5) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (6) Reflects the value of compensation paid to Mr. Hooks in his capacity as a member of the Board in 2021, 2020 and 2021, car allowance paid to Mr. Hooks in 2020 and 2019, and a 25 year service award paid to Mr. Hooks in 2020.
- (7) Reflects a living expense allowance paid to Mr. Buker for relocation to the US in 2018.
- (8) Reflects a 10 year service award paid to Mr. Brown in 2021.
- (9) Included in these amounts are amounts paid to the NEO in 2020 in consideration for the surrender of "in the money" vested Options in accordance with the terms of the Option Plan. Surrender amounts were calculated based on the five day weighted average trading price of the Common Shares at the time of surrender less the exercise price(s).
- (10) Messrs. Ritchie and Buker reside in Houston, Texas. The Base Salary and cash portion of the Annual Incentive Plan compensation paid to Mr. Buker in 2019, 2020 and 2021 were paid in US dollars and converted to Canadian dollars. The Base Salary and the cash portion of the Annual Incentive Plan compensation paid to Mr. Ritchie in 2020 and 2021 (and a portion in 2019) were paid in US dollars and converted to Canadian dollars. An average exchange rate of \$1.2988 was applied in 2019, \$1.2732 in 2020 and \$1.2678 in 2021.

### **Incentive Award Valuation**

The Corporation's general practice is to grant Retention Awards on an annual basis. In 2021, the annual grant of Incentive Awards was made effective March 5, 2021. Each of the NEOs were recipients of the awards granted on this date.

For purposes of this executive compensation disclosure, the fair value of the Retention Awards was determined by multiplying the number of Restricted Awards and Performance Awards granted by the weighted average trading price of the Common Shares on the TSX for the five-day period ended prior to the grant date. This calculation assumes a payout multiplier of 1x for the Performance Awards.

The fair value of the Incentive Awards presented in this executive compensation disclosure differs from the fair value determined in accordance with IFRS for financial statement purposes. Under IFRS 2 "Share-based Payment", the fair value of Retention Awards is determined at the date of grant using the market price of the Common Shares and, for Performance Awards, applying an estimated payout multiplier.

The two main differences between PHX Energy's approach to calculating the fair value of the Retention Awards for purposes of this executive compensation disclosure and IFRS are the methodology used to value the underlying Common Shares and, for purposes of valuing the Performance Awards, the estimated payout multiplier. As stated above, PHX Energy uses a five-day weighted average trading price, which is consistent with the approach it uses to value the Retention Awards for income tax purposes. Under IFRS, the market price of the Common Shares on the date of grant is used.

Pursuant to the terms of the Retention Award Plan, the payout multiplier for Performance Awards is dependent on the performance of PHX Energy relative to returns on securities of members of its peer comparison group and can be within a range of 0x (for 25<sup>th</sup> percentile ranking) and 2x (for 85<sup>th</sup> – 100<sup>th</sup> percentile ranking). See "*Incentive Plans – Retention Award Plan*". For purposes of this executive compensation disclosure, the HRC Committee determined to use a payout multiplier of 1x, being the mid-point of the low and high potential payout multipliers. Under IFRS, an initial estimated payout multiplier, of 1x was used. This multiplier is adjusted to reflect management's best estimate of the liability on an on-going basis as new information becomes available. As there can be no assurance that future performance will match historical performance, the HRC Committee prefers to use a mid-point payout multiplier. This approach is also consistent with the approach followed by other issuers in the peer group with similar plans and with the methodology specified in the Retention Award Plan for calculating the value of any performance awards granted to non-management directors.

The following table sets forth the fair values of awards on the applicable grant date and the payout multipliers used by PHX Energy for this executive compensation disclosure and as determined under IFRS:

Grant Date	Fair Value of Share Awards		Payout Multiplier for Performance Awards	
	PHX	IFRS	PHX	IFRS
March 5, 2021	\$2.74	\$2.77	1	1

### Incentive Plan Awards

For a description of PHX Energy's Incentive Plans, please see "*Incentive Plans*".

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

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2021.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not been vested <sup>(2)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
John M. Hooks	300,000	4.06	March 3, 2022	120,000	300,000 PA 122,952 RA	1,338,000 548,366	- -
	50,000	2.00	March 9, 2023	123,000			
	50,000	2.81	March 8, 2024	82,500			
	50,000	2.19	March 5, 2025	113,500			
	100,000	2.74	March 5, 2026	172,000			
Michael Buker	202,400	4.15	March 3, 2022	62,744	300,000 PA 48,463 RA	1,338,000 216,145	- -
	175,000	1.71	August 15, 2022	481,250			
	50,000	1.95	March 9, 2023	125,500			
	50,000	2.83	March 8, 2024	81,500			
	50,000	2.09	March 5, 2025	118,500			
	100,000	2.64	March 5, 2026	182,000			
Cameron M. Ritchie	188,000	4.06	March 3, 2022	75,200	300,000 PA 54,621 RA	1,338,000 243,610	- -
	45,000	1.79	August 15, 2022	120,150			
	50,000	2.00	March 9, 2023	123,000			
	50,000	2.81	March 8, 2024	82,500			
	50,000	2.09	March 5, 2025	118,500			
	100,000	2.64	March 5, 2026	182,000			
Craig Brown	300,000	4.06	March 3, 2022	120,000	300,000 PA 59,939 RA	1,338,000 267,328	- -
	50,000	2.00	March 9, 2023	123,000			
	50,000	2.81	March 8, 2024	82,500			
	50,000	2.19	March 5, 2025	113,500			
	100,000	2.74	March 5, 2026	172,000			
Jeffery Shafer	88,800	4.06	March 3, 2022	35,520	300,000 PA 60,553 RA	1,338,000 270,066	- -
	50,000	1.79	August 15, 2022	133,500			
	50,000	2.00	March 9, 2023	123,000			
	50,000	2.81	March 8, 2024	82,500			
	50,000	2.19	March 5, 2025	113,500			
	100,000	2.74	March 5, 2026	172,000			



Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares at December 31, 2021 (\$4.46) and the exercise price of the Options.
- (2) Calculated by multiplying the number of Restricted Awards (RA) and Performance Awards (PA) by the closing price of the Common Shares on the TSX on December 31, 2021 (\$4.46). For Performance Awards, a payout multiplier of 1x is assumed. Does not include any adjustment to reflect re-invested cash dividends made on the underlying securities for the period from the grant date to December 31, 2021

***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 share-based awards which vested during the year ended December 31, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup> (\$)
John M. Hooks	117,001	789,598	1,661,970
Michael Buker <sup>(4)</sup>	121,667	702,727	1,526,540
Cameron M. Ritchie <sup>(4)</sup>	122,001	717,186	1,138,292
Craig Brown	117,001	711,924	899,385
Jeffery Shafer	117,001	688,260	899,385

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares on the respective vesting dates and the exercise price of the Options on the vesting dates.
- (2) Reflects the award value on the vesting date (which is equivalent to the payment date) calculated based on the weighted average trading price of the Common Shares on the TSX for the five trading days preceding such date.
- (3) Reflects the bonus earned by the NEO in respect of the last completed financial year and paid in 2022, a portion of which was paid in the form of Restricted Awards. See "Summary Compensation Table".
- (4) A portion of the annual Incentive Plan compensation paid to Messrs. Ritchie and Buker, who reside in Houston Texas, was paid in US dollars and converted to Canadian dollars at an average exchange rate of \$1.2678.

## Incentive Plans

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

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2021.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted average exercise price of outstanding options, warrants and rights (b) <sup>(2)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	2,854,200	3.15	2,109,920
Equity compensation plans not approved by security holders <sup>(3)</sup>	N/A	N/A	N/A
<b>Total</b>	<b>2,854,200</b>	<b>3.15</b>	<b>2,109,920</b>

Notes:

- (1) Reflects the maximum number of Common Shares issuable from treasury under the Corporation's 10% rolling Option Plan based upon the number of Common Shares outstanding as at December 31, 2021. For a description of the Option Plan, see "*Share Option Plan*" below.
- (2) Represents the weighted average exercise price of Options as at December 31, 2021.
- (3) The Corporation does not have any compensation plans other than the Option Plan under which common shares may be issued from Treasury.

### *Share Option Plan*

The Corporation has the Option Plan which is intended to afford persons who provide services to the Corporation an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Corporation. The Option Plan permits the granting of Options to officers, employees of, consultants to and other eligible service providers ("**Optionees**") of and to the Corporation and its subsidiaries. Directors of the Corporation who are not officers or employees of the Corporation or its subsidiaries are not eligible for participation in the Option Plan.

In March of 2022, the Board approved certain amendments to the Option Plan, which amendments are described in the section herein entitled "*Matters to be Acted Upon at the Meeting – Three-Year Reapproval of Unallocated Options pursuant to the Corporation's Option Plan and Approval of Amendments*".

Certain of the amendments require the approval of Shareholders as outlined therein, which approval is being sought as this year's Meeting. Certain other amendments are in the nature of "Housekeeping Amendments" which do not require the approval of Shareholders pursuant to the terms of the Option Plan. The amendments are outlined within the applicable sections below.

The maximum number of Common Shares issuable on exercise of Options outstanding at any time is limited, in the aggregate, to 10% of the issued and outstanding Common Shares. Any increase in the issued and outstanding Common Shares (whether as a result of exercise of Options or otherwise) will result in an increase in the number of Common Shares that may be issued on exercise of Options outstanding at any time and any increase in the number of Options granted, upon exercise, makes new grants available under the Option Plan. Options that are cancelled, terminated or expire prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan.

The number of Common Shares issuable pursuant to Options granted under the Option Plan or any other security based compensation arrangements of the Corporation: (i) to insiders (as defined in the Option Plan) at any time may not exceed 10% of the outstanding Common Shares; and (ii) issued to insiders (as defined in the Option Plan) within any one year period may not exceed 10% of the outstanding Common Shares. Options granted under the Option Plan are not assignable.

Options have a term not to exceed five years and, subject to the terms of the Option Plan, shall vest in such manner as determined by the Board or a committee of the Board appointed from time to time to administer the Option Plan (the Board or, if appointed, such committee is referred to as the "**Committee**"). In the absence of any determination to the contrary, Options will vest and be exercisable as to one-third on each of the six (6) month, eighteen (18) month and thirty (30) month anniversaries of the date of grant, subject to the acceleration of vesting in the discretion of the Committee. If an Option is set to expire in seven (7) business days following the end of a "Black Out Period" (as such term is defined in the Option Plan) and the Optionee is subject to the Black Out Period, the expiry date of the Option shall be extended for seven (7) business days following the Black Out Period.

The exercise price of any Options granted will be determined by the Committee at the time of grant, provided that the exercise price shall not be less than the volume weighted average trading price of the Common Shares on the TSX (or other stock exchange on which the Common Shares may be listed) for the five (5) consecutive trading days immediately preceding the date of grant (or, in the case of Options granted to US Optionees, not less than the closing trading price on the trading day immediately preceding the date of grant). The Corporation does not provide financial assistance to Optionees to facilitate Option exercises.

The Option Plan provides Optionees with an election, if permitted by the Committee, for a cashless exercise ("**Cashless Exercise**") of an Optionee's vested and exercisable Options. If an Optionee elects a Cashless Exercise the Optionee shall surrender its Options in exchange for the issuance by the Corporation 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. In addition, the Option Plan also provides that an Optionee has the right to make an offer (the "**Surrender Offer**") to the Corporation to surrender any of the Options held by such person for an amount (not to exceed the fair market value) specified therein by the Optionee and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required.

The Option Plan contains customary anti-dilution provisions which provide for adjustments to be made in the event of consolidations, subdivisions or payment of stock dividends in order to prevent dilution or enlargement of the rights granted under the Option Plan.

If an Optionee ceases to be an officer, employee of, or service provider to, the Corporation or a subsidiary of the Corporation for any reason, the Optionee shall have a period not in excess of six months as prescribed at the time of grant and in the absence of any determination as to the contrary will be ninety (90) days (12 months in the case of death), succeeding his ceasing to be an officer, employee or consultant or other service provider to exercise Options (the "**Option Termination Date**") held to the extent that the Optionee was entitled to exercise the options at the date of such cessation. In the case of a merger, amalgamation or certain other transactions or a take-over bid approved by the Board, the Corporation has the right to satisfy any obligations to an Optionee in respect of any unexercised Options by paying to the Optionee a cash amount equal to the difference between the exercise price of all unexercised Options held and the fair market value of the securities to which the Optionee would have been entitled to receive on exercise thereof.

Without the prior approval of the Shareholders, the Committee may NOT: (i) make any amendment to the Option Plan to increase the percentage of Common Shares reserved for issuance on exercise of outstanding Options at any time, (ii) reduce the exercise price of any outstanding Options (as amended, including without limitation any cancellation and reissuance of any Option constituting a reduction of the exercise price), (iii) extend the term of any outstanding Option beyond the original expiry date of such Option, (iv) make an amendment to increase the maximum limit on the number of securities that may be issued to insiders, (v) make an amendment to permit the introduction of non-employee directors as eligible participants to the Option Plan, (vi) make any amendment to the Option Plan to permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee, or (vii) amend the restrictions on amendments that are provided in the Option Plan.

Subject to the restrictions set out above, the Board may amend or discontinue the Option Plan and Options granted thereunder at any time without Shareholder approval; provided any amendment to the Option Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee.

The policies of the TSX require that all unallocated Options be approved every three years by Shareholders. The Corporation last obtained approval of Shareholders for the grant of unallocated Options for a further three year term at its annual and special meeting held on May 7, 2019. Accordingly, Shareholders are being asked at the Meeting to re-approve unallocated Options for a further three year term. See "*Matters to be Acted Upon at Meeting – Three Year Re-approval of Unallocated Options Pursuant to the Corporation's Option Plan and Approval of Amendments*".

### ***Cash Bonus Plan***

The Corporation has established a cash bonus plan for its executive officers and employees based and dependent upon, among other things, the performance of both the Corporation and the individual for the applicable period. See "*Elements of PHX Energy's Executive Compensation Program – Short-term Incentives – Bonuses and Commissions*".

### ***Retention Award Plan***

The Corporation has a full-value Retention Award Plan, which provides for the granting of Retention Awards to directors, officers, employees, consultants and other service providers of the Corporation and its subsidiaries. The Retention Award Plan provides an additional long-term incentive designed to focus and reward directors, executives, employees and other service providers to the Corporation for enhancing the total shareholder return over the long-term both on an absolute and relative basis. The Retention Award Plan results in eligible participants receiving compensation in relation to the value of a specified number of underlying notional Common Shares.

The Retention Award Plan is not a treasury share based compensation plan and, accordingly, the Corporation is not eligible to issue any Common Shares from treasury in connection with the settlement of Retention Awards under the Retention Award Plan.

The Retention Award Plan was initially adopted by the Corporation in connection with the payment of cash bonuses to which certain key executives of the Corporation were entitled, and pursuant to which 25% of the total cash bonus award was made payable in Retention Awards. The Retention Award Plan continues to be used in connection with cash bonus entitlements settled with Restricted Awards ("**Bonus Awards**") and in connection with other grants of stand-alone Retention Awards which the HRC Committee and Board may determine appropriate from time to time as a method of supplementing the total compensation package of service providers to the Corporation on an individualized basis.

In early 2017, upon the recommendation of the HRC Committee, the Board approved certain amendments to the Retention Award Plan so as to introduce a differentiation between Restricted Awards and Performance Awards, through the use of a Payout Multiplier for the Performance Awards. The Payout Multiplier, which is linked solely to total shareholder return on the Common Shares relative to returns on securities of members of the Corporation's peer comparison group over the applicable period, provides a direct link between shareholder return and the level of payout received, if any. If the Relative TSR is below the twenty-fifth (25<sup>th</sup>) percentile, the Payout Multiplier will be 0x and no payments will be made under the applicable Performance Awards. The Corporation's use of Performance Awards commenced with the granting of such awards in early 2017. Non-management directors are not entitled to receive Performance Awards but are entitled to receive Restricted Awards.

To determine the size of Retention Awards, an appropriate dollar amount, relative to overall individual responsibilities and performance is attributed and such award values are then divided by the five (5) day weighted average trading price of the Common Shares ending immediately prior to the grant date to calculate the number of Retention Awards granted. Unless otherwise provided, the Retention Awards (other than Bonus Awards) vest as to

one-third of the number of Retention Awards granted on each of the first, second and third anniversaries of the grant date, subject to acceleration in certain instances including in the event of a Change of Control (as defined in the Retention Award Plan). Bonus Awards typically vest as to one-third of the Bonus Awards granted on each of the dates 4, 8 and 12 months following the grant date.

In the case of Restricted Awards, upon vesting, the holder is entitled to a sum (the "**Award Value**") calculated by multiplying the number of Restricted Awards by the fair market value of the Common Shares on the vesting date. The fair market value (the "**Fair Market Value**") is determined as the volume weighted average trading price of the Common Shares on the TSX for the five (5) consecutive trading days immediately preceding such date, as adjusted to reflect accrued reinvested dividends, if any.

In the case of Performance Awards, the Award Value is calculated on the vesting date by first adjusting the number of Performance Awards to reflect the applicable Payout Multiplier and multiplying the adjusted number of Performance Awards by the Fair Market Value of the Common Shares on the vesting date. The Payout Multiplier is determined by the Board on or immediately prior to each vesting date, at which time the Board shall assess the performance of the Corporation for the applicable period and provide percentile ranking based upon the Corporation's Relative TSR. The Payout Multiplier for a particular period is calculated as follows:

Relative TSR Percentile	Payout Multiplier
Below 25th	0x
25th - 34th	0.33x
35th - 44 <sup>th</sup>	0.67x
45th - 54 <sup>th</sup>	1.00x
55th - 64th	1.25x
65th - 74th	1.50x
75th - 84th	1.75x
85th - 100th	2.00x

Under the original terms of the Retention Award Plan, the Award Value to which a holder was entitled upon vesting was settled by the Corporation solely in cash. In May of 2021, upon the recommendation of the HRC Committee, in order to provide greater flexibility, the Board approved and implemented certain amendments to the Retention Award Plan (the "**2021 Plan Amendments**") so as to provide the Corporation, at its sole and absolute discretion, with the additional option of settling the Award Value payable in respect of a Retention Award in Common Shares acquired in the open market by an independent trustee for such purposes. The 2021 Plan Amendments also provided that in the event the Corporation determines to settle the Award Value in Common Shares, for the purposes of determining the number of Common Shares to be delivered to the holder, the Award Value shall be grossed up by an additional multiple of 1.25x.

Upon a grantee ceasing to be a service provider (other by reason of death or termination for cause), all unvested Retention Awards will be deemed to be cancelled without any payment thereunder. If a grantee ceases to be a service provider by reason of termination for cause, all rights of such grantee in respect of Retention Awards are forfeited and terminated without any payment. In the event of the death of a grantee, all Retention Awards held by the grantee on the date of death shall vest automatically.

#### **Pension Plan Benefits**

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

#### **Termination and Change of Control Benefits**

The Corporation has entered into executive employment agreements ("**Executive Employment Agreements**") with all of its Named Executive Officers that provide for termination payments as described herein. The Executive Employment Agreements continue indefinitely until terminated in accordance with the terms thereof and the base salary payable thereunder is subject to annual review. The executive is entitled to participate in and receive all rights and benefits under any benefit plans maintained by the Corporation for employees generally and executive

officers. All group benefits from employment, including short and long-term disability coverage, if any, cease on the executive's last day of active employment regardless of the reason thereof.

The Executive Employment Agreements may be terminated by the Corporation at any time for just cause and in such case, the executive is entitled to payment of any pro rata annual base salary earned but unpaid through to the cessation date, any declared but unpaid cash bonuses or commissions, as applicable, and accrued and unused vacation and reimbursable expenses. The Executive Employment Agreements may be terminated by the Corporation without just cause upon payment of: (i) the pro rata amount of annual base salary to and including cessation of employment, accrued and unused vacation pay and reimbursable expenses and any awarded but unpaid cash bonuses, as applicable, (ii) a retiring allowance (the "Retiring Allowance"). The Retiring Allowance in the case of all of the NEOs is equal to one and one-half times the executive's then annual base salary plus 15% of the executive's annual base salary to compensate for loss of benefits, plus one and a half times the average of any cash bonuses, as applicable, paid to the executive in the three years prior to the executive's date of termination, and (iii) provided that the NEO has been employed for more than three (3) months of the calendar year of the date of termination, an additional payment equal to the average of the prior three (3) cash bonuses paid to the NEO prorated for the period of time that the NEO was employed during the year of the date of termination.

In the case of all of the NEOs, in the event of a "Change of Control" (as such term is defined in the Executive Employment Agreements), if within one year of the Change of Control, an event or events occur that constitute "Good Reason", the executive has the right, for a period of ninety (90) days following the event or events that constitute Good Reason, to elect to terminate the Executive Employment Agreement and be paid the applicable Retiring Allowance. Good Reason is defined for these purposes as any adverse change by the Corporation and without the agreement of the executive, in any of the duties, powers, rights, discretions, salary, title, lines of reporting or the requirement that the executive be based anywhere other than the Calgary executive office on a normal and regular basis, such that immediately after such change or series of changes, the responsibilities and status of the executive, taken as a whole, are not at least substantially equivalent to those assigned to the executive immediately prior to such change or any reason which would otherwise constitute constructive dismissal.

In each case in which the Retiring Allowance becomes payable, in order to receive same, the executive is required to provide a release in favour of the Corporation and its affiliates in form satisfactory to the Corporation. In the event that the executive terminates the Executive Employment Agreement following a Change of Control, the executive agrees, at the written request of the Corporation, to continue employment for a period of up to one month, at the executive's current compensation package, to assist the Corporation in an orderly transition of management.

Upon termination of the Executive Employment Agreements for any reason or upon a Change of Control, there is no automatic acceleration of, or any other benefit relating to, any Options held by the executives but certain of such Options are required to be exercised within a specified period of time upon ceasing to be a service provider to the Corporation. Pursuant to the Option Plan, the Board may however, at its discretion, accelerate vesting of Options.

Pursuant to the Retention Award Plan, in the event of a Change of Control (as defined in the Retention Award Plan) any unvested Retention Awards vest immediately prior to the time of Change of Control and all Retention Awards will be deemed to be automatically exercised on the date of the Change of Control.

The following table illustrates the estimated incremental payments and benefits that would have been made to each of the Named Executive Officers pursuant to the terms of their Executive Employment Agreements, Options and Retention Awards, as applicable, as a result of a Change of Control, resignation or termination event, assuming such events occurred on December 31, 2021.

Name	Triggering Event	Cash Payment (\$)	Options <sup>(2)</sup> (\$)	Retention Awards <sup>(3)</sup> (\$)	Total (\$)
John M. Hooks	Change in Control and Termination <sup>(1)</sup>	2,430,413	152,501	1,886,366	4,469,280
	Change in Control without Termination	-	-	1,886,366	1,886,366
	Termination without Just Cause	2,430,413	152,501	-	2,582,914
	Termination with Just Cause	-	-	-	-
	Disability or Retirement	-	-	-	-
Michael Buker	Change in Control and Termination <sup>(1)</sup>	1,853,012	160,835	1,554,145	3,567,992
	Change in Control without Termination	-	-	1,554,145	1,554,145
	Termination without Just Cause	1,853,012	160,835	-	2,013,847
	Termination with Just Cause	-	-	-	-
	Disability or Retirement	-	-	-	-
Cameron M. Ritchie	Change in Control and Termination <sup>(1)</sup>	1,723,677	160,835	1,581,610	3,466,122
	Change in Control without Termination	-	-	1,581,610	1,581,610
	Termination without Just Cause	1,723,677	160,835	-	1,884,512
	Termination with Just Cause	-	-	-	-
	Disability or Retirement	-	-	-	-
Craig Brown	Change in Control and Termination <sup>(1)</sup>	1,359,582	152,501	1,605,328	3,117,411
	Change in Control without Termination	-	-	1,605,328	1,605,328
	Termination without Just Cause	1,359,582	152,501	-	1,512,083
	Termination with Just Cause	-	-	-	-
	Disability or Retirement	-	-	-	-
Jeffery Shafer	Change in Control and Termination <sup>(1)</sup>	1,359,582	152,501	1,608,066	3,120,149
	Change in Control without Termination	-	-	1,608,066	1,608,066
	Termination without Just Cause	1,359,582	152,501	-	1,512,083
	Termination with Just Cause	-	-	-	-
	Disability or Retirement	-	-	-	-

## Notes:

- (1) The payments or benefits are triggered if an executive terminates his employment within one year following a Change of Control if an event or events occur which constitute Good Reason.
- (2) There is no automatic acceleration of Options in the event of a Change of Control. Vesting of Options and the acceleration of vesting is at the discretion of the Board. If Options were accelerated by the Board in the event of a Change of Control, Options to purchase 83,334, 83,334, 83,334, 83,334 and 83,334 Common Shares would have been accelerated in respect of Messrs. Hooks, Buker, Ritchie, Brown and Shafer, respectively, having the values set forth in the table above at December 31, 2021, based on the closing price of the Common Shares of \$4.46 on December 31, 2021 less the applicable exercise prices.
- (3) In the case of the Retention Awards, the amounts shown are in respect of the grants for awards whose vesting is accelerated as a result of the event of a Change of Control. Amounts are based on the closing price of the Common Shares on December 31, 2021 of \$4.46 and do not include any adjustment to reflect reinvestment of dividends. For Performance Awards, a payout multiplier of 1x is assumed.
- (4) For compensation paid in \$US to Mr. Buker and Mr. Ritchie who reside in the Houston, Texas, an average exchange rate of \$1.2678 was used for this purpose.

## REMUNERATION OF DIRECTORS

Director compensation is reviewed annually by the HRC Committee. The compensation program for directors includes a base retainer, meeting fees and participation under the Retention Award Plan, the benefit of which is tied to shareholder return.

Directors are entitled to receive an annual retainer of \$30,000 as well as a fee of \$1,500 for each meeting of the Board or Committee of the Board attended. The Lead Director receives an additional annual retainer of \$20,000. Each of the Chairs of the Audit Committee and HRC Committee receive an additional \$15,000 per year and the Chair of the NCG Committee receives an additional \$10,000 per year. Directors are also entitled to be reimbursed for reasonable out-of-pocket expenses incurred in carrying out their duties as directors.

The Corporation has the Retention Award Plan pursuant to which the Corporation may grant Retention Awards to service providers to the Corporation, including its directors. Non-management directors are only entitled to receive Retention Awards in the form of Restricted Awards and not Performance Awards. See "*Incentive Plans – Retention Award Plan*".

### Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2021, information concerning the compensation paid to the Corporation's directors other than directors who are also Named Executive Officers.

Name	Fees taken in cash <sup>(1)</sup> (\$)	Fees taken in RAs (\$)	Share-based awards (RAs) <sup>(2)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Randolph M. Charron	46,500		122,274	-	-	-	-	168,774
Terry D. Freeman	20,250	30,000	122,274	-	-	-	-	172,524
Karen David-Green	6,000	22,500	95,063	-	-	-	-	123,563
Lawrence M. Hibbard	6,000	52,250	122,274	-	-	-	-	180,524
Myron A. Tétreault		66,500	122,274	-	-	-	-	188,774
Roger D. Thomas	15,375	46,125	122,274	-	-	-	-	183,774
Judith Athaide <sup>(3)</sup>	24,500		122,274	-	-	-	-	146,774

Notes:

- (1) Does not include the amount of fees earned for which the director has elected to receive Restricted Awards (RAs), the value of which are reported in the above table under "Fees taken in RAs".
- (2) Reflects the discretionary annual grant of 43,996 Restricted Awards to Messer Charron, Freeman, Hibbard, Tetreault, Thomas and Ms. Athaide and 21,123 Restricted Awards to Ms. David-Green. Award values are based on the number of Restricted Awards granted multiplied by the five (5) day weighted average price of the Common Shares ending immediately prior to the grant date, being \$2.97, \$2.74 and \$4.50. Upon exercise of Restricted Awards, additional amounts are paid for the cash equivalent of reinvested dividends. For more information on the Restricted Awards, see "*Incentive Plans – Retention Award Plan*".
- (3) Ms. Athaide retired from the Board effective May 7, 2021.
- (4) Mr. Hooks, the Chief Executive Officer of the Corporation, is also a Named Executive Officer. See "*Summary Compensation Table*" for information with respect to Mr. Hooks' compensation.

### *Restricted Awards to Directors – Unvested at Year-End*

The following sets forth information in respect of Restricted Awards to directors, other than directors who are also Named Executive Officers, which are outstanding as at December 31, 2021 and which had not vested as at such date.



<b>Restricted Awards</b>				
<b>Name</b>	<b>Year of award</b>	<b>Number of awards that have not vested<sup>(1)</sup></b>	<b>Year of vesting</b>	<b>Estimated payout value of awards that have not vested<sup>(2)</sup> (\$)</b>
Randolph M. Charron	2021	43,996	2022, 2023, 2024	369,163
	2020	30,442	2022, 2023	
	2019	8,334	2022	
Karen David-Green	2021	26,143	2022, 2023, 2024	116,598
Terry D. Freeman	2021	53,893	2022, 2023, 2024	493,637
	2020	45,988	2022, 2023	
	2019	10,800	2022	
Lawrence M. Hibbard	2021	61,258	2022, 2023, 2024	676,140
	2020	75,871	2022, 2023	
	2019	14,472	2022	
Myron A. Tétreault	2021	65,508	2022, 2023, 2024	716,999
	2020	80,091	2022, 2023	
	2019	15,163	2022	
Roger D. Thomas	2021	58,835	2022, 2023, 2024	593,006
	2020	61,038	2022, 2023	
	2019	13,088	2022	

Notes:

- (1) Reflects annual grants of Restricted Awards as well as directors' fees payable in cash for which the director elected to have paid in RAs. Does not include any adjustment to reflect re-invested cash dividends made on the underlying securities for the period from the grant date to December 31, 2021.
- (2) Calculated based on the closing price of the Common Shares on December 31, 2021 of \$4.46 multiplied by the number of RAs on such date.

#### ***Restricted Awards to Directors – Value Vested During the Year***

The following sets forth information in respect of Restricted Awards to directors, other than directors who are also Named Executive Officers, as to the value of such awards which vested during the year ended December 31, 2021.

<b>Restricted Awards</b>		
<b>Name</b>	<b>Number of awards that vested<sup>(1)</sup></b>	<b>Value of awards that vested<sup>(2)</sup> (\$)</b>
Randolph M. Charron	32,192	87,366
Terry D. Freeman	41,726	130,021
Karen David-Green	-	-
Lawrence M. Hibbard	71,515	205,016
Myron A. Tétreault	75,299	216,199
Roger D. Thomas	59,721	170,120
Judith J. Athaide <sup>(3)</sup>	89,857	287,505

Notes:

- (1) Reflects annual grants of Restricted Awards as well as directors' fees payable in cash for which the director elected to have paid in RAs.
- (2) Reflects the award value on the vesting date (which is equivalent to the payment date) calculated based on the weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding such date.
- (3) Ms. Athaide retired from the Board effective May 7, 2021.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as follows, no director, executive officer, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries, or any associate of any such director, executive officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **CORPORATE GOVERNANCE DISCLOSURE**

The Corporation's disclosure with respect to its Corporate Governance Practices is set forth in Appendix "A" hereto.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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

## **INTEREST OF CERTAIN PERSONS AND 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.

## **OTHER MATTERS**

The Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special 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.

## **ADDITIONAL INFORMATION**

Additional information respecting the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Corporation and its affairs is provided in the Corporation's comparative audited financial statements and related management's discussion and analysis for its most recently completed financial year. Security holders can access this information on [www.sedar.com](http://www.sedar.com) or by request to the Chief Financial Officer of the Corporation at the address noted below.

Also see "Audit Committee" in the Corporation's Annual Information Form for the year ended December 31, 2021 for information relating to the Audit Committee, including its mandate, composition of the Audit Committee and fees paid to the Corporation's auditors.

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## APPENDIX "A"

### 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 Form 58-101F1 Disclosure.

#### 1. Board of Directors

The board of directors (the "**Board**") is currently comprised of the following seven individuals: Randolph M. Charron, Karen David-Green, Terry D. Freeman, Lawrence M. Hibbard, John M. Hooks, Myron Tétreault and Roger D. Thomas. All directors will be standing for re-election at this year's annual meeting.

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

The following six current directors and six nominee directors are independent within the meaning of NI 58-101:

Randolph M. Charron  
Karen David-Green  
Terry D. Freeman  
Lawrence M. Hibbard  
Myron Tétreault  
Roger D. Thomas

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

Mr. Hooks is not independent as he also occupies the position of Chief Executive Officer of the Corporation.

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

A majority of the current directors (six of seven) and proposed members of the Board (six of the seven) are independent.

- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

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

Name	Name of Reporting Issuer
Randolph M. Charron	None
Terry D. Freeman	McCoy Global, Vertex Resources Group
Lawrence M. Hibbard	None
John M. Hooks	CES Energy Solutions Corp.
Myron Tétreault	Pieridae Energy Limited
Roger D. Thomas	Fortis Alberta
Karen David-Green	None

- (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 each meeting of the Board and its Committees, the independent directors sitting on the Board or Committee, as applicable, convene an in-camera meeting of the independent directors without the non-independent directors and management present. Since the Corporation's most recently completed financial year, there have been 7 in-camera meetings of the independent directors of the Board, 4 in-camera meetings of the independent directors of the Audit Committee, 4 in-camera meetings of the independent directors of the HRC Committee and 2 in-camera meetings of the independent directors of the NCG Committee. 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.

The Chairman of the Board is John M. Hooks, who is not an independent director as he is also the Chief Executive Officer of the Corporation. Myron Tétreault, an independent member of the Board, has been appointed as Lead Director. Among other things, the Lead Director assists the Chairman in endeavouring to ensure that the Board leadership responsibilities are conducted in a manner that will ensure that the Board is able to function independently of management. The Lead Director is to consider, and allow for, when appropriate, a meeting of all independent directors, so that Board meetings may take place without management being present. The Lead Director is to endeavour to ensure that reasonable procedures are in place for directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to its prior approval and is to meet annually with each director to obtain insight as to where they believe the Board and its committees could operate more effectively.

- (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 for each director of the Corporation during the most recently completed financial year is as follows:

Name of Director	Attendance Record
Randolph M. Charron	7/7 Board Meetings 2/2 Audit Committee Meetings 4/4 HRC Committee Meetings 2/2 NCG Committee Meetings
Terry D. Freeman	7/7 Board Meetings 4/4 Audit Committee Meetings 1/1 NCG Committee Meetings
Lawrence M. Hibbard	7/7 Board Meetings 4/4 Audit Committee Meetings 2/2 HRC Committee Meetings 1/1 NCG Committee Meetings
John M. Hooks	7/7 Board Meetings
Myron Tétreault	7/7 Board Meetings 2/2 Audit Committee Meetings 4/4 HRC Committee Meetings 1/1 NCG Committee Meetings
Roger D. Thomas	7/7 Board Meetings 3/3 HRC Committee Meetings 2/2 NCG Committee Meetings
Karen David-Green	4/4 Board Meetings 2/2 Audit Committee Meetings 2/2 HRC Committee Meetings

## 2. Board Mandate

- (a) 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 as Appendix "B" hereto.

## 3. Position Descriptions

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

The Board has developed written position descriptions for the Chairman of the Board, the Lead Director as well as the Chair of each Committee of the Board.

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

The Board, with input from the Chief Executive Officer of the Corporation, has developed a written position description for the 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 and the industry, as well as information on corporate governance and 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 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; however, 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. In addition, members of the Board along with senior employees of the Corporation maintain subscriptions in a variety of professional organizations which provide ongoing professional development seminars and materials. The information received through subscriptions in these organizations is shared regularly among Board members. Further, the Corporation regularly invites guest speakers to present at Board meetings on topics of relevance to its directors and their obligations.

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 and Ethics for directors, officers and employees (the "**Code**").

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

The Code of Conduct is posted to the Corporation's website and can also be accessed via SEDAR at [www.sedar.com](http://www.sedar.com).

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

All employees are provided with a copy of the Code on commencement of employment and are made aware of the consequences of violation thereof. Annual reminder that compliance with the Code is required will also be provided. In addition, all directors, senior executive officers, and employees of the Corporation are required to affirm in writing on an annual basis his or her agreement to abide by the Code, as to his or her ethical conduct and with respect to any conflicts of interest.

- (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 judgment 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 executive 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. The Corporation also relies upon the provisions of its Code in respect of such matters.

- (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 of the Corporation are provided with the mechanics by which they may raise concerns with respect to a possible violation of the Corporation's disclosure standards in a confidential, anonymous process. The Whistleblower Policy is posted to the Corporation's website.

In addition, the Board has also adopted an "Anti-Corruption and Anti-Bribery Policy" which is designed to ensure that the Corporation is at all times compliant with anti-corruption laws which prohibit bribery of both foreign and domestic public officials and to ensure that the Corporation does not receive an improper advantage in its business dealings and that all payments and expenses are properly recorded in its financial books and records. The Board believes in ethical and fair practises for conducting domestic and international business and it committed to a zero tolerance stance towards bribery and any other form of corruptive behaviour on the part of any of the Corporation's employees, executive officers, directors and third parties with whom the Corporation conducts business.

## **6. Nomination of Directors**

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

The NCG Committee is responsible for recommending suitable nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors.

The NCG Committee has established a "skills matrix" outlining the skills, knowledge and experience it believes are required by its directors. In addition to considering skills, knowledge and experience, the Committee assesses the character and attendance of directors, along with relevant diversity factors in accordance with the Corporation's Diversity Policy, to ensure that the Board is operating effectively and independently of management.

The skills matrix and Board composition are reviewed annually by the NCG Committee to assess (i) the skills, knowledge and experience necessary for the Board, as a whole, to possess in order to effectively discharge its duties and mandate; (ii) the skills, knowledge and experience that each existing director possesses; (iii) whether the existing skills, knowledge, experience and perspective of the Board can be strengthened in any area (including without limitation, representation of women); (iv) when applicable, the skills, knowledge, experience and perspective that new candidates possess; and (v) whether or not candidates can devote sufficient time and resources to his or her duties. The NCG Committee also reviews

the composition of the Board on a periodic basis to ensure that the Board is comprised of an appropriate number of independent directors.

- (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 NCG Committee, which is responsible for nominating directors, is comprised of only independent directors.

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

See Item 6(a).

## **7. Compensation**

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

See "*Statement of Executive Compensation*" in the accompanying Information Circular – Proxy Statement.

- (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 HRC Committee of the Corporation is comprised entirely of independent directors.

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

See "*Statement of Executive Compensation – Compensation Governance – Human Resources and Compensation Committee Mandate*" in the accompanying Information Circular – Proxy Statement.

- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

Early in 2021, the Corporation retained Lane Caputo Compensation Inc. (the "Consultant") to assist the HRC Committee in reviewing our compensation programs. This was undertaken given the challenging circumstance and industry conditions that persisted in the 2020-year. The mandate given to the Consultant included, without limitation: (i) review of the Corporation's current approach to executive compensation and the appropriateness of the Corporation's comparator group of companies for benchmarking compensation; (ii) review the alignment of the Corporation's current approach to executive compensation to its business strategy within the context of peer and best practices; (iii) the identification of appropriate benchmarks for comparable executive positions; (iv) a review of the competitiveness of the Corporation's total compensation package; and (v) the development of directional recommendations for the HRC Committee's consideration.



## 8. Other Board Committees

- (a) If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has established a NCG Committee (which also serves as the nominating committee).

The NCG Committee also acts as the nominating committee of the Corporation and carries out the functions with respect thereto as described under Item 6(a). In addition, the NCG Committee is responsible for developing the approach of the Corporation in matters concerning corporate governance including:

- (i) annually reviewing the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (ii) considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- (iii) preparing and recommending to the Board annually the prescribed disclosures respecting corporate governance matters mandated by National Instrument 58-101 – Disclosure of Corporate Governance Practices to be included in PHX Energy's annual management information circular;
- (iv) making recommendations to the Board as to which directors should be classified as "independent" directors, "related" directors or "unrelated" directors pursuant to any such report or circular;
- (v) reviewing on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
- (vi) assessing, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board), including considering the appropriate size of the Board with a view of facilitating effective decision making:
  - (A) recommending suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors and in making such recommendations, the Committee should consider:
  - (B) given the needs of the Corporation and its stage of development, what are the competencies and skills that the Board considers to be necessary for PHX Energy and the Board, as a whole, to possess;
  - (C) the competencies and skills that the Board considers each existing director to possess;
  - (D) the competencies, skills and diversity (including without limitation gender diversity) that each new nominee will bring to the boardroom;
  - (E) the number of women appointed to and serving on the Board from time to time to evaluate whether it is desirable to adopt additional requirements or policies with respect to diversity of the Board; and
  - (F) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board;
- (vii) as required, developing, for approval by the Board, an orientation and education program for new recruits to the Board;

- (viii) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- (ix) developing and recommending to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function effectively and independently of management;
- (x) making recommendations to the Board regarding appointments of corporate officers and senior management;
- (xi) reviewing annually the Committee's Mandate and Terms of Reference;
- (xii) reviewing and considering the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director;
- (xiii) establishing, reviewing and updating periodically a Code of Business Conduct and Ethics (the "Code") and ensuring that management has established a system to monitor compliance with the Code, including without limitation a requirement that a Compliance Affirmation be completed by all directors and senior officers on at least an annual basis; and
- (xiv) reviewing management's monitoring of PHX Energy's compliance with the Code; and recommending policies regarding succession in the event of an emergency or the retirement of the Board Chair, Chief Executive Officer or Chief Financial Officer of the Corporation.

## **9. Assessments**

- (a) 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 NCG Committee is responsible, by its terms of reference to evaluate the effectiveness of the Board, committees and individual directors. The NCG Committee periodically conducts a thorough review of the effectiveness of the Board, its committees, individual directors, the existing policies and mandates and related corporate governance materials. The process comprises a discussion by the members of the NCG Committee regarding the skills, knowledge, experience, diversity and effectiveness of the Board as a whole, as well as on an individual member basis, together with a review of additional skills, knowledge and experience that could potentially increase Board effectiveness further. The NCG Committee annually reviews the skills, knowledge, experience and character, as well as diversity of perspective and thought, of the existing directors and develops profiles for suitable additional directors. The Committee then makes recommendations to the Board as to whether any changes or additions should be made to the composition of the Board. The Board also has a Lead Director, whose mandate includes, without limitation, meeting with each of the directors individually at least on an annual basis to provide individual feedback regarding various matters including, without limitation, the effectiveness of the Board, its committees and individual directors.

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

- (a) Disclose whether or not the issuer has adopted term limits for the directors on its Board or other mechanisms of Board renewal and, if so, include a description of those director term limits or other mechanisms of Board renewal. If the issuer has not adopted director term limits or other mechanisms of Board renewal, disclose why it has not done so.

While the Board of the Corporation has adopted a Board tenure policy, it has not adopted term limits for directors. The Board does not believe that fixed term limits are in the best interest of the Corporation.

When proposing a slate of nominees for nomination as directors, the NCG Committee considers the term of service of individual directors, the average term of the Board as a whole and turnover of directors over prior years. Furthermore, the NCG Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of having a Board whose members are familiar with the Corporation and its business through past service.

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

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Corporation has adopted a written Diversity Policy addressing the identification and nomination of women directors. See "*Board Diversity*" in the Information Circular for a detailed description of the Diversity Policy.

- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) whether and, if so, how the Board or its nominating committee measures the effectiveness of the policy.

PHX Energy recognizes the value that women can bring to its Board. The nomination and appointment of directors with diverse skills, knowledge, experience and gender contributes to balanced perspective, debate and decision making which improves organizational strength, opportunity for innovation, corporate culture and continued success. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the NCG Committee will consider the skills, knowledge and experience of individual candidates having due regard for the benefits of gender representation on the Board.

To ensure the application of these principles, the Diversity Policy provides that the NCG Committee will:

- (i) consider only candidates who are highly qualified based on, among other considerations, their skills, knowledge and experience;
- (ii) consider diversity characteristics, including age, race, colour, ethnicity, religion, gender, sexual orientation and geographical background, of the candidates;
- (iii) consider the level of representation of women on the Board; and
- (iv) in addition to its own searches, as and when determined appropriate from time to time, engage qualified independent external advisors to help identify candidates for nomination who meet the Committee's requirements.

The NCG Committee has also established a "skills matrix" outlining the skills, knowledge and experience it believes are required by the members of the Board. See "*Election of Directors – Experience and Background of Directors*".

The skills matrix and Board composition are reviewed annually by the NCG Committee to assess (i) the skills, knowledge and experience necessary for the Board, as a whole, to possess in order to effectively discharge its duties and mandate; (ii) the skills, knowledge and experience that each existing director possesses; (iii) whether the existing skills, knowledge, experience and perspective of the Board can be strengthened in any area (including without limitation, representation of women); (iv) when applicable, the skills, knowledge, experience and perspective that new candidates possess; and (v) whether or not candidates can devote sufficient time and resources to his or her duties.

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

- (a) Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider the level or representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reason for not doing so.

See the response in Section 11 above.

To ensure the effectiveness of the Diversity Policy, the NCG Committee will monitor the process undertaken in connection with the selection of nominees for directors to ensure the skills, knowledge and experience of any candidates, including women candidates, are being fairly considered relative to other candidates. The NCG Committee will also review the number of women appointed and serving on the Board annually to evaluate whether it is desirable to adopt additional requirements or policies with respect to the diversity of the Board.

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

- (a) Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Board of the Corporation believes that executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of management at the time. The Corporation is committed to considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the Corporation's business objectives, is in the best interests of the Corporation and its stakeholders.

The NCG Committee annually reviews appointments to executive officer positions to ensure that individuals with the appropriate skills, knowledge, experience and character are being fairly considered. The Committee also evaluates whether it is desirable to adopt additional requirements or policies with respect to the diversity of management.

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

- (a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's Board or in executive officer positions of the issuer by a specific date.
- (b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.
- (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.
- (d) If the issuer has adopted a target referred to in either (b) or (c), disclose:
- (i) the target; and
  - (ii) the annual and cumulative progress of the issuer in achieving the target.

The Board recognizes the benefits of diversity within the Board and within management of the Corporation and consider gender as one of a number of attributes including skills, knowledge, experience character, and

diversity generally when considering nominations to the Board or for appointment to Management. For this reason, the Corporation has not adopted a gender target. The Board recognises the benefits of diversity within management and encourages the consideration of woman who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

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

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's Board who are women.
- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

One women is currently a member of the Corporation's Board (14%). Of the nominee directors, one women is proposed for election to the Board (14%). While several women hold key management roles in the Corporation, no executive officer positions are currently held by women.

## APPENDIX "B"

### MANDATE OF THE BOARD OF DIRECTORS PHX ENERGY SERVICES CORP.

#### GENERAL

The Board of Directors (the "**Board**") of PHX Energy Services Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation and its subsidiaries as applicable. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

- in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objectives of the Corporation;
- supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

#### SPECIFIC

##### *Executive Team Responsibility*

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing Shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Establish processes as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- Establish limits of authority delegated to management.

##### *Operational Effectiveness and Financial Reporting*

- Annual review and adoption of a strategic planning process and approval of the Corporation's strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to the Corporation and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established an adequate system of internal controls and management information systems.
- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding the Corporation's financial and other disclosure.

- Review and approve the Corporation's financial statements, MD&A, management proxy circulars, annual information forms, and other material disclosure documents, and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.
- Approve annual operating and capital budgets.
- Approve the dividend policy of the Corporation.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets, or matters of policy which diverge from the ordinary course of business.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

***Integrity/Corporate Conduct***

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve a Business Conduct & Ethics Practice for directors, officers and employees and monitor compliance with the Practice and approve any waivers of the Practice for officers and directors.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

***Risk Management***

- Review the principal business risks of the Corporation and actions taken by the Corporation to mitigate these risks.
- Review the principal financial risks of the Corporation, including but not limited to changes in commodity prices, interest rates, foreign currency exchange rates and credit.
- Review guidelines, policies and reports from Management with respect to risk assessment, risk management and major financial risk exposures, including the processes Management uses to assess and manage the Corporation's risk and exposures and if, in the Board's view, changes in guidelines and policies are desirable, make such changes, as applicable.
- Review the financial exposures undertaken by the Corporation together with any mitigating strategies and practices and insurance, and consider these in light of any corporate risk management policies which may be approved and adopted from time to time and related internal controls. Such exposures include: derivatives strategies; capital commitments; sovereign and foreign exchange exposures; and exposure to interest rate fluctuations.
- Review the activities of the Corporation's treasury and marketing groups and the financial risks arising from those activities including any proposed authorities of Management from the Board for the hedging of the exposures.
- Review the Corporation's hedging activities including a summary of the hedge-related instruments at the end of each quarter.
- Annually review, and if desirable, recommend and/or approve changes to the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers coverage.

- Review any other significant financial exposures of the Corporation to the risk of a material financial loss including tax audits or other activities.
- Review the Corporation's financial strategy considering current and future business needs, including, capital markets and the Corporation's credit rating (if any) and review the Corporation's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures.

***Board Process/Effectiveness***

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings.
- Engage in the process of determining Board member qualifications with the Corporate Governance Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors and fill any vacancy among the directors in accordance with the Corporation's by-laws or in the office of auditor.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re-assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- Select the Board Chair and, if applicable, a Lead Director.

Each member of the Board is expected to understand the nature and operations of the Corporation's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which the Corporation operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non-independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Corporation, as determined by the Board.



In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

**DELEGATION**

- The Board may delegate certain of its duties to, and receive reports and recommendations from, any committee of the Board.
- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of the Corporation, the Chair of the Board and the Lead Director will act as a liaison between stakeholders of the Corporation and the Board (including independent members of the Board).

## APPENDIX "C"

### SHARE OPTION PLAN

#### 1. Purpose of Plan

The purpose of this plan is to develop the interest of officers, employees of and consultants to, PHX Energy Services Corp. and its subsidiaries or persons providing services on an ongoing basis thereto in the growth and development of the Corporation and its subsidiaries by providing them with the opportunity through share options to acquire an increased proprietary interest in the Corporation.

#### 2. Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

- (a) "**Black-Out Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**business day**" a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are generally not open for business;
- (d) "**Common Shares**" means the common shares of the Corporation or, in the event of an adjustment contemplated by Section 12 hereof, such other Common Shares to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) "**Committee**" means a committee of the board of directors appointed from time to time by the Board to administer the Plan or any matters related to the Plan or, if no such committee is appointed, the Board;
- (f) "**Corporation**" means PHX Energy Services Corp., and includes any successor corporation thereof;
- (g) "**Exchange**" means the Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- (h) "**insider**" and "**associate**" have the meaning set forth in the *Securities Act* (Ontario);
- (i) "**Insider**" means an insider of the Corporation and also includes associates and affiliates of the Insider; and issuances to Insiders includes direct and indirect issuances to Insiders;
- (j) "**Leave**" has the meaning ascribed thereto in Section 15 hereof;
- (k) "**Market Price**" means (i) in respect of Options granted to Optionees that are not U.S. Optionees, the volume weighted average trading price of the Common Shares on the Exchange (or if the Common Shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Committee for such purpose) for the five (5) trading days immediately preceding the date of grant of Options or on such day as is otherwise specified herein and, for this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common Shares traded for such period; and (ii) in respect of Options granted to U.S. Optionees, the closing price of the Common Shares on the Exchange on the last trading day immediately preceding the date of grant of Options or on such day as is otherwise specified herein;
- (l) "**Options**" means options to purchase Common Shares granted pursuant to the provisions hereof;

- (m) "**Option Termination Date**" has the meaning ascribed thereto in Section 8 hereof;
- (n) "**Optionees**" means persons to whom Options are granted and which Options, or a portion thereof, remain unexercised;
- (o) "**Plan**" means this share option plan of the Corporation, as the same may be amended or varied from time to time;
- (p) "**Security Based Compensation Arrangements**" means (i) stock option plans for the benefit of employees, insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;
- (q) "**Service Provider**" means a person or company engaged by the Corporation to provide services for an initial, renewable or extended period of twelve months or more;
- (r) "**Termination Date**" means the date on which an Optionee ceases to be an officer, employee of, or consultant or other Service Provider to the Corporation or an Affiliate for any reason (other than death). For the purposes of the Plan and the associated option agreement (the "Option Agreement"), an Optionee's employment or service with the Corporation shall be considered to have terminated effective on the last day of the Optionee's actual and active employment or service with the Corporation, whether such day is selected by agreement with the Optionee, or unilaterally by the Optionee or the Corporation, and whether with or without advance notice to the Optionee. For the avoidance of doubt, and except as required by applicable employment standards legislation, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law (contract, legislation or common law) in respect of such termination of employment or service that follows or is in respect of a period after the Optionee's last day of actual and active employment or service shall be considered as extending the Optionee's period of employment or service for the purposes of determining their entitlement under the Plan and the Option Agreement. An Optionee's transfer of employment or service to a related entity will not be considered a cessation of service;
- (s) "**Trust Unit Options**" means options granted pursuant to the trust unit option plan of Phoenix Technology Income Fund (the "**Trust Unit Option Plan**") which are outstanding immediately prior to the effective time of the plan of arrangement contemplated by the arrangement agreement involving Phoenix Technology Income Fund and others dated as of October 22, 2010; and
- (t) "**U.S. Optionee**" means an Optionee who is a citizen of the United States or a resident of the United States, in each case as defined in section 7701(a)(30)(A) and Section 7701(b)(1), whose Options are U.S. sourced income, of the U.S. Internal Revenue Code of 1986, as amended.

### 3. Administration

The Plan shall be administered by the Committee. The Committee shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan, including without limitation rules as to vesting. All decisions and interpretations made by the Committee shall be binding and conclusive on the Optionees and the Corporation subject to securityholder approval if required by any applicable stock exchange.

#### 4. Granting of Options

Subject to this Section 4, the Committee may from time to time designate officers, employees of, and consultants to, the Corporation or its subsidiaries and other persons providing services on an ongoing basis to the Corporation or its subsidiaries to whom Options may be granted and the number of Common Shares to be optioned to each, provided that the number of Common Shares to be optioned shall not exceed the limitations provided in Section 5 hereof.

#### 5. Limitations to the Plan

Notwithstanding any other provision of the Plan:

- (a) directors of the Corporation who are not officers or employees of the Corporation or its subsidiaries are not eligible for grants of Options under the Plan;
- (b) the maximum number of Common Shares issuable on exercise of Options outstanding at any time shall be limited to 10% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, including this Plan, shall not exceed 10% of the issued and outstanding Common Shares; and
- (d) the number of Common Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, including this Plan, shall not exceed 10% of the issued and outstanding Common Shares.

For the purposes of Subsection 5(b) any increase in the issued and outstanding Common Shares (whether it is a result of exercise of Options, including under Section 10 hereof, or otherwise) will result in an increase in the number of Common Shares that may be issued on Options outstanding at any time and any increase in the number of Options granted will, upon exercise, make new grants available under the Plan.

Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Option.

#### 6. Vesting of Options

The Committee may, in its sole discretion, determine: (i) the time during which Options shall vest; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Committee to the contrary, Options will vest and be exercisable as to one-third (1/3) of the number of Options granted on each of the six month, 18 month and 30 month anniversaries of the date of grant (computed in each case to the nearest full share) (subject to acceleration of vesting in the discretion of the Committee). The Committee shall also have the discretion to accelerate vesting of previously granted Options on such terms and conditions as it may determine.

#### 7. Exercise Price

Subject to the next paragraph, the exercise price of Options granted under the Plan shall be fixed by the Committee and if the Common Shares are listed on a stock exchange, the exercise price of the Options shall not be less than the Market Price or such other minimum price as may be required by the stock exchange on which the Common Shares are listed at the time of grant.

Notwithstanding the foregoing, Options granted in exchange for and in substitution for Trust Unit Options shall be granted at the Option Price (as defined in the Trust Unit Option Plan) of such Trust Unit Options and shall vest and expire on the same dates as provided in the applicable Trust Unit Option exchanged.

#### 8. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring or permitting acceleration of rights of exercise, be such period, not in excess of five (5) years, as may be determined from time to time by the Committee but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be five (5) years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option shall provide that:

- (a) upon the death of the Optionee, the Option shall terminate on the date determined by the Committee which shall not be more than twelve (12) months from the date of death and, in the absence of any determination to the contrary, will be six (6) months from the date of death; and
- (b) if the Optionee shall no longer be an officer of or be in the employ of, or consultant or other Service Provider to, either the Corporation or a subsidiary of the Corporation (other than by reason of death), the Option shall terminate on the expiry of the period (the "**Option Termination Date**") not in excess of six (6) months prescribed by the Committee at the time of grant, following the Termination Date and, in the absence of any determination to the contrary, will be ninety (90) days following Termination Date;

provided that the number of Common Shares that the Optionee (or his or her heirs or successors) shall be entitled to purchase until such Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the Termination Date.

The Plan does not confer upon an Optionee any right with respect to continuation of service by the Corporation or any subsidiary thereof, nor does it interfere in any way with the right of the Optionee, the Corporation or a subsidiary thereof to terminate the Optionee's employment or service provision at any time.

If the normal expiry date of any Options falls within any Black-Out Period or within seven (7) business days following the end of any Black-Out Period ("**Black-Out Options**"), then the Expiry Date of such Black-Out Options shall, without any further action, be extended to the date that is seven (7) business days following the end of such Black-Out Period. The foregoing extension applies to all Options held by Optionees other than U.S. Optionees whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 20(a) hereof.

## 9. Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased and payment in full of any amount required to be paid pursuant to Section 18.

## 10. Cashless Exercise

Subject to the provisions of the Plan, if permitted by the Committee, an Optionee may elect to exercise an Option by surrendering such Option in exchange for the issuance of Common Shares equal to the number determined by dividing the Market Price (calculated as at the date of exercise) into the difference between the Market Price (calculated as at the date of exercise) and the exercise price of such Option. An Option may be exercised pursuant to this Section 10 from time to time by delivery to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, of a written notice of exercise specifying that the Optionee has elected to a cashless exercise of such Option and the number of Options to be exercised. The Corporation will not be required, upon the exercise of any Options pursuant to this Section 10, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of fractional Common Shares, there will be paid to the Optionee by the Corporation upon the exercise of such Options pursuant to this Section 10 within ten (10) business days after the exercise date, an amount in lawful money of Canada equal to the then fair market value of such fractional interest (as determined by the Committee), provided that the Corporation will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for future issuance

under the Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

#### 11. Surrender Offer

An Optionee may make an offer (the "**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation (and the termination thereof) of any of the Options granted hereunder for an amount (not to exceed fair market value) specified therein by the Optionee and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required. Notwithstanding the foregoing, with respect to Options held by U.S. Optionees, the amount specified by the Optionee and accepted by the Corporation may not exceed the fair market value of the Common Shares subject to such Option minus the Option exercise price. If the Surrender Offer, either as made or as renegotiated, is accepted, the Options in respect of which the Surrender Offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant the Optionee any further rights thereunder upon payment of the amount of the agreed Surrender Offer by the Corporation to the Optionee. Upon the surrender and termination of Options pursuant to a Surrender Offer, the Common Shares issuable pursuant to such Options shall, for purposes of the number of Common Shares reserved for issuance with the Exchange, be available for further grants. The Corporation may at its sole discretion elect to allow an Optionee to claim such deductions in computing taxable income of such Optionee, if any, that may be available to the Optionee in respect of any amount received by the Optionee pursuant to this pursuant to this Section 11, however, the Corporation is under no obligation, express or implied, to make such election.

#### 12. Alterations in Shares

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the shares granted or the Corporation shall pay a dividend upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, Options with respect to any shares which have not been purchased at the time of any such consolidation, subdivision or stock dividend shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of shares of the Corporation the Optionee would have held following such consolidation, subdivision or stock dividend if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision or stock dividend. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding. Any and all adjustments to the Common Shares are subject to Exchange approval.

#### 13. Mergers, Amalgamation and Sale

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 13, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof. Alternatively, and in lieu of making such provision in the event of such merger, amalgamation or sale, or in the event that a take-over bid (which is not exempt from the take-over bid requirements of the Securities Act (Alberta) or its replacement or successor provisions) shall be made for Common Shares and if such take-over bid shall have been approved or recommended for acceptance by the Board of Directors of the Corporation, the Corporation shall have the right to satisfy any obligations to the Optionee in respect of any Options outstanding by paying to the Optionee, in cash, and as proceeds of disposition for this Option, the difference between the exercise price of all unexercised Options granted hereunder and the fair market value of the securities to which the Optionee would be entitled upon exercise of all unexercised Options. The Corporation may, at its sole discretion, elect to allow an Optionee to claim such deductions in computing taxable income of such Optionee, if any, that may be available to the Optionee in respect of any amount received by the Optionee pursuant to this Section 13, however, the Corporation is under no obligation, express or implied, to make such election. Adjustments under this

section and any determinations as to fair market value of any securities shall be made by the Committee, and any reasonable determination made by the Committee shall be binding and conclusive upon and, upon payment as aforesaid, the Options shall terminate and the Optionee shall cease to have any further rights in respect thereof.

#### 14. No Rights as a Shareholder

An Optionee shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of an Option until certificates representing such Common Shares have been issued and delivered.

#### 15. Cessation of Employment

For the purposes of this Plan and all option agreements, unless otherwise provided in the applicable option agreement, an Optionee shall be deemed to have ceased to be a Service Provider and an Optionee shall be deemed to have terminated or resigned from employment or consulting arrangement with the Corporation or any of its subsidiaries, as applicable, for the purposes hereof on the Termination Date. If the Optionee shall take a leave of absence ("**Leave**"), the Committee may, in its sole discretion, also modify or change the vesting of any Options granted to such Optionee to take into account the period of the Leave.

#### 16. Regulatory Authorities Approvals

The Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval and after listing on any such stock exchange shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

#### 17. Option Agreements

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the exercise price, the vesting dates, circumstances when vesting of Options may be accelerated, the expiry date and any other terms approved by the Committee, all in accordance with the provisions of this Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as 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 person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation. Such agreements may also contain such other provisions not inconsistent with the provisions hereof as the Committee may determine.

#### 18. Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require (as a condition of exercise) an Optionee to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Optionee consents to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Optionee and which shall be and are authorized to be deducted from the proceeds of sale). The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares. Any reference in this Plan to the issuance of Common Shares or a payment of cash is expressly subject to this Section 18.

**19. No Guarantees Regarding Tax Treatment**

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Option under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of an Option or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to an Optionee with respect thereto.

**20. Amendment or Discontinuance of the Plan**

- (a) Subject to the restrictions set out in this Section 20(a), the Committee may amend or discontinue the Plan and Options granted thereunder at any time without shareholder approval; provided any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. Without the prior approval of the shareholders, and such approval as may be required by the Exchange, the Committee may not:
- (i) make any amendment to the Plan to increase the percentage of Common Shares reserved for issuance on exercise of outstanding Options at any time pursuant to Subsection 5(b) hereof;
  - (ii) reduce the exercise price of any outstanding Options (including, without limitation, any cancellation and reissuance of any Option constituting a reduction of the exercise price);
  - (iii) extend the term of any outstanding Option beyond the original expiry date of such Option;
  - (iv) make an amendment to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Section 5(c) or (d);
  - (v) make an amendment to Section 5(a) to permit the introduction of non-employee directors as eligible participants to the Plan;
  - (vi) make any amendment to the Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or
  - (vii) make an amendment to amend this Section 20(a).

The Committee may amend or terminate the Plan or any outstanding Option granted hereunder at any time without the approval of the Corporation, the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform the Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant stock exchange or regulatory authority, whether or not that amendment or termination would affect any accrued rights, subject to the approval of that stock exchange or regulatory authority.

In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Plan.

**21. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**22. Effective Time**

This Plan was made effective as of the 31st day of December, 2010 and, as amended and restated April 1, 2022 subject to the approval of shareholders of the Corporation.