



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

For the Annual and Special Meeting of Shareholders  
to be held on Tuesday, May 8, 2018



**Notice of Annual and Special Meeting of  
Shareholders to be held on May 8, 2018**

Notice is hereby given that the annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Petrus Resources Ltd. (the "**Corporation**") will be held at the Jamieson Conference Centre (3rd floor), 308 – 4th Avenue SW, Calgary, Alberta on Tuesday, May 8, 2018 at 2:00 p.m. (Calgary time) to:

1. receive the financial statements of the Corporation for the year ended December 31, 2017, together with the auditor's report thereon;
2. fix the number of directors of the Corporation to be elected at the Meeting at seven (7) directors;
3. elect seven (7) directors of the Corporation for the ensuing year;
4. appoint the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration as such;
5. approve the unallocated stock options under the Corporation's option plan;
6. consider and, if thought fit, approve an ordinary resolution to approve the Corporation's deferred share unit plan and to ratify previous grants of deferred share units under such plan;
7. consider and, if thought fit, approve an ordinary resolution to approve the Corporation's restricted share unit award plan; and
8. transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

**Registered Shareholders who are unable to attend the Meeting in person are requested to date and sign the form of proxy and deposit it with the Corporation's transfer agent, Computershare Investor Services Inc., at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received, in each case, no later than 2:00 p.m. (Calgary time) on May 4, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Shareholders are cautioned that the use of mail to transmit proxies is at each Shareholder's risk.**

Only Shareholders of record at the close of business on March 19, 2018 (the "**Record Date**"), are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he, she or it owns such Common Shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

The Information Circular relating to the business to be conducted at the Meeting accompanies this Notice of Annual and Special Meeting of Shareholders.

**DATED** at Calgary, Alberta this 4<sup>th</sup> day of April, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Neil Korchinski"*

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Neil Korchinski

President, Chief Executive Officer and Director



**Information Circular and Proxy Statement dated April 4, 2018  
for the Annual and Special Meeting of the Holders of Common Shares of  
Petrus Resources Ltd. to be held on May 8, 2018**

**Solicitation of Proxies**

This information circular and proxy statement ("**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Petrus Resources Ltd. (the "**Corporation**" or "**Petrus**") for use at the annual and special meeting of the holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation (the "**Meeting**") to be held at the Jamieson Conference Centre (3rd floor), 308 – 4th Avenue SW, Calgary, Alberta on Tuesday, May 8, 2018 at 2:00 p.m. (Calgary time) and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders.

The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting as at the close of business on March 19, 2018 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he, she or it owns such Common Shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

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

The persons named in the enclosed form of proxy are officers of the Corporation. **Each Shareholder has the right to appoint a proxyholder other than the persons designated in the form of proxy, who need not be a Shareholder, to attend and to act for the Shareholder at the Meeting.** To exercise such right, the names of the nominees of the Corporation should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided in the form of proxy. In order to be effective, the form of proxy must be deposited with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 2:00 p.m. (Calgary time) on May 4, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

Unless otherwise stated, the information in this Information Circular is given at April 4, 2018.

**Advice to Beneficial Holders of Common Shares**

The information set forth in this section is of significant importance to you if you do not hold Common Shares in your own name. Only proxies deposited by Shareholders whose names appear on our records as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. ("**CDS**"), the registration name for CDS Clearing and Depository Securities Inc., which acts as nominee for many Canadian brokerage firms. Common Shares held by your broker, or their nominee, can only be voted upon your instructions. Without specific instructions, your broker,

or their nominee, is prohibited from voting your Common Shares. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS are held. The majority of Common Shares held in the United States are registered in the name of Cede & Co., the nominee for The Depository Trust Company, which is the United States equivalent of CDS.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") or another intermediary. If you receive a voting instruction form from Broadridge or another intermediary, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) as described in the voting instruction form well in advance of the Meeting in order to have your Common Shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of the broker), you may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Common Shares as proxyholder for the registered Shareholder, you should enter your own name in the blank space on the form of proxy provided to you and return the same to your broker (or the broker's agent) in accordance with the instructions provided by your broker (or the broker's agent), well in advance of the Meeting.

#### **Notice-and-Access and Other Matters**

Petrus has elected to use the "notice-and-access" provisions under National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting to those Shareholders who do not hold Common Shares in their own name. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to Shareholders by allowing Petrus to post this Information Circular and related materials online.

Petrus has also elected to use procedures known as "stratification" in relation to its use of the notice-and-access provisions. Stratification occurs when Petrus, while using the notice-and-access provisions, provides a paper copy of the Notice of Annual and Special Meeting of Shareholders and, if applicable, a paper copy of the financial statements of the Corporation for the year ended December 31, 2017, together with the auditor's report thereon and related management's discussion and analysis (together the "**Financial Information**"), to some but not all Shareholders. In relation to the Meeting, registered Shareholders will receive a paper copy of the Notice of Annual and Special Meeting of Shareholders, this Information Circular and the Financial Information whereas non-registered holders of Common Shares will receive a notice-and-access notification and a voting instruction form. In addition, a paper copy of the Notice of Annual and Special Meeting of Shareholders, this Information Circular and the Financial Information will be mailed to those Shareholders who do not hold their Common Shares in their own name but who have previously requested to receive paper copies of these materials.

Petrus will be delivering proxy-related materials to non-objecting beneficial owners of Common Shares directly with the assistance of Broadridge. Petrus intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of Common Shares.

#### **Request for Materials**

Beneficial Shareholders who wish to receive a paper copy of the Notice of Annual and Special Meeting of Shareholders, this Information Circular and/or the Financial Information should contact Petrus at 1-877-880-3984 (toll free in North America) or (403) 984-4014 (outside of North America) at any time up to and including the date of Meeting or any adjournment thereof. In order to allow Beneficial Shareholders a reasonable time to receive paper copies of this Information Circular and related materials and to vote their Common Shares, any Beneficial Shareholders wishing to request paper copies as described above should ensure that such request is received by 2:00 p.m. (MDT) on May 1, 2018.

### Revocability of Proxy

You may revoke your proxy at any time prior to the Meeting. If you, or the person to whom you give your proxy, attends personally at the Meeting you, or such person, may revoke the proxy and you may vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited at Petrus' head office at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

### Persons Making the Solicitation

**This solicitation is made on behalf of management of the Corporation.** The Corporation will bear the costs incurred in the preparation and mailing of the form of proxy, the Notice of Annual and Special Meeting of Shareholders and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and/or employees who will not be remunerated therefor.

### Exercise of Discretion by Proxy Holder

The Common Shares represented by proxy in favour of management nominees shall be voted or withheld from voting, in accordance with the instructions of the Shareholder 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 in accordance with the specification so made. **In the absence of such specification, the Common Shares will be voted in favor of the matters to be acted upon at the Meeting. The persons appointed under the form of proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy, the Notice of Annual and Special Meeting of Shareholders and this Information Circular. At the time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.**

### Notice in Respect of the Plan of Arrangement

Effective February 2, 2016, the Corporation was party to a plan of arrangement (the "**Arrangement**") completed under the provisions of the *Business Corporations Act* (Alberta) ("**ABCA**"), among Petrus Resources Corp. (formerly Petrus Resources Ltd. ("**Old Petrus**")), Petrus Resources Inc. (formerly PhosCan Chemical Corp. ("**PhosCan**")), Petrus, Fox River Resources Corporation (formerly 9508309 Canada Inc.) and the shareholders thereof. Pursuant to the Arrangement: (i) all of the issued and outstanding common shares of Old Petrus ("**Old Petrus Shares**") were transferred to Petrus in exchange for one-quarter (0.25) of one Common Share per Old Petrus Share, which Common Shares were issued to the former holders of Old Petrus Shares; (ii) holders of subscription receipts of Petrus ("**Subscription Receipts**") were issued one-quarter (0.25) of one Common Share for each Subscription Receipt held, pursuant to the terms of the subscription receipt agreements dated December 22, 2015, December 30, 2015 and January 13, 2016; and (iii) Petrus acquired all of the issued and outstanding common shares of PhosCan ("**PhosCan Shares**") in exchange for 0.0452672 of one Common Share per PhosCan Share, which Common Shares were issued to the former holders of the PhosCan Shares. **Unless otherwise noted, reference herein to the "Corporation", "Petrus", "us", "our" or "we" at a point in time prior to February 2, 2016 shall refer to Old Petrus and thereafter shall refer to Petrus.**

### VOTING COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at April 4, 2018, there were 49,491,840 Common Shares issued and outstanding. No preferred shares are issued or outstanding. The Common Shares are listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "PRQ".

As a holder of Common Shares, you are entitled to one vote for each Common Share you own.

Other than as set out below, to the knowledge of our directors and officers, as at April 4, 2018, there is no person or company who beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the votes attached to all of the issued and outstanding Common Shares.

<u>Shareholder</u>	<u>Common Shares beneficially owned, or controlled or directed, directly or indirectly</u>	<u>Percentage of the Common Shares represented by the number of Common Shares so owned, controlled or directed, directly or indirectly</u>
Wingren B.V. <sup>(1)(2)</sup>	12,040,340	24.3%
Don Gray <sup>(2)</sup>	6,721,202	13.6%

Notes:

- (1) Wingren B.V. ("NGP") is a company formed under the laws of the Netherlands and a subsidiary of NGP Natural Resources X, L.P.
- (2) Information is based solely on filings on the Corporation's profile at [www.sedi.ca](http://www.sedi.ca).

As at April 4, 2018, Petrus' directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 19,304,131 Common Shares or approximately 39.0% of the issued and outstanding Common Shares.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Receipt of the Financial Statements and Auditor's Report

At the Meeting, our financial statements for the year ended December 31, 2017 and the auditor's report thereon will be placed before Shareholders, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

### Fixing the Number of Directors

At the Meeting, Shareholders will be asked to approve an ordinary resolution fixing the number of directors to be elected at the Meeting for the ensuing year at seven (7), as may be adjusted between Shareholders' meetings by way of resolution of the Board.

In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby FOR and in favour of the resolution fixing the number of directors.

### Election of Directors

Directors of the Corporation will be elected at the Meeting. Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote proxies FOR the election as directors of the seven (7) nominees set forth below:

Neil Korchinski	Don Gray
Patrick Arnell	Brian Minnehan
Donald Cormack	Stephen White
Jeffrey Zlotky	

Each director elected will hold office until the next annual meeting of the Corporation or until his successor is duly elected or appointed in accordance with the ABCA, unless his office is earlier vacated. In the event that a vacancy among such nominees occurs because of death or for any reason prior to the Meeting, the proxy shall not be voted with respect to such vacancy. **At the 2017 annual meeting of Shareholders, each of the directors were elected with votes in favour ranging from 96.81% to 99.95% of Common Shares voted. See "Biographies of Directors" below for additional detail on the 2017 voting results.**

Management does not contemplate that any of the proposed nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, **the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of directors.**

Pursuant to a nomination rights agreement dated February 2, 2016, between the Corporation and NGP (the "**Nomination Rights Agreement**"), for as long as NGP owns: (i) at least 20% of the outstanding Common Shares (on a non-diluted basis), Petrus is required to include two (2) nominees of NGP; or (ii) at least 10% but not more than 20% of the outstanding Common Shares (on a non-diluted basis), Petrus is required to include one (1) nominee of NGP, among the nominees for election to the Board at each meeting of Shareholders at which directors are to be elected. The members of the Board so designated for election by NGP at the Meeting are Brian Minnehan and Jeffrey Zlotky. See "*Material Contracts – Agreements with NGP – Nomination Rights Agreement*" in the Corporation's annual information form for the year ended December 31, 2017 (the "**AIF**") available on Petrus' profile on SEDAR at [www.sedar.com](http://www.sedar.com) for additional information in respect of the Nomination Rights Agreement.

The Board has adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the Shareholders, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of Shareholders at which the director was elected. Upon receiving such offer of resignation, the Compensation Committee (as defined herein) will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Compensation Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days of such meeting of Shareholders. The decision of the Board will be announced by way of a press release, which, if the Board has decided to reject such resignation, the reasons for rejecting the resignation. The majority voting policy is available on Petrus' website at [www.petrusresources.com](http://www.petrusresources.com).

In addition, the Corporation's by-laws include "advance notice provisions" designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all Shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide Shareholders, directors and management of the Corporation with a clear framework for nominating directors. In particular, these provisions of the by-laws fix a deadline (being not less than 30 days before the date of an annual meeting of Shareholders and, in the case of a special meeting, the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made) by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders, and also set forth the information that Shareholders must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders. The Corporation's by-laws are available on Petrus' profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on Petrus' website [www.petrusresources.com](http://www.petrusresources.com).

### ***Biographies of the Directors***

The following information relating to the nominee directors is based partly on our records and partly on information received by us from the nominee directors and sets forth the names, province/state and country of residence of all of the persons nominated for election as directors, the periods during which they have served as director, their principal occupations during the five (5) preceding years and certain other professional experience and the number of Common Shares owned or controlled or directed, directly or indirectly, by each and the number of deferred share units ("**DSUs**") granted under the Corporation's deferred share unit plan (the "**DSU Plan**") as well as the number of stock options ("**Options**") granted under the Corporation's option plan (the "**Option Plan**") as of April 4, 2018.

Nominee for Election as Director	Age	Director Since	Common Shares		
			Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
<b>Don Gray</b> Arizona, United States	51	November 25, 2015 (Old Petrus, January 2015 to February 2016)	6,721,202	21,673	34,800

**Chairman of the Board Independent** Mr. Gray is a private investor and Chairman of Petrus. Mr. Gray was a founding partner and President of EIQ Capital Corp., a private capital management company, from May 2007 to September 2013.

Mr. Gray is also a director and Chairman of Peyto Exploration & Development Corp. and Gear Energy Ltd., both TSX-listed oil and natural gas companies. Mr. Gray holds a BSc in petroleum engineering from Texas A&M University and has over 29 years experience in the Canadian oil and gas business in various capacities

Board and Committee Membership	Membership		Meeting Attendance	
		Board	(9/9)	100%
	Reserves Committee (Chair)	(2/2)	100%	
	Compensation Committee	(4/4)	100%	
	<b>Total</b>	(15/15)	100%	
Current Board Directorships	Public Boards			
	Peyto Exploration & Development Corp.			
	Gear Energy Ltd.			
Voting Results of 2017 Annual Meeting	Number of Votes		% of Votes	
	Votes For		98.95%	
	Votes Withheld		1.05%	

Nominee for Election as Director	Age	Director Since	Common Shares		
			Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
<b>Neil Korchinski</b> Alberta, Canada	41	November 7, 2016	245,106	Nil	525,100

**Non-Independent** Mr. Korchinski has been the President and Chief Executive Officer of Petrus since November 7, 2016; prior thereto, Mr. Korchinski held the position of Chief Operating Officer and Vice President Engineering at Petrus since April 25, 2014 and, prior thereto, Mr. Korchinski held the position of Vice President, Engineering at Petrus since August 8, 2011. Preceding his time at Petrus, Mr. Korchinski spent seven (7) years as the Senior Exploitation Engineer for Peyto Exploration & Development Corp., a public oil and natural gas production company. Earlier in his career, he worked as a Professional Engineer for Renaissance Energy Ltd., Husky Energy Inc. and Crescent Point Energy Ltd., all TSX listed oil and natural gas companies, in exploitation, operation and production engineering roles.

Mr. Korchinski is a Professional Engineer and earned a BSc in Chemical Engineering from the University of Calgary in 2000.

Board and Committee Membership <sup>(4)</sup>	Membership		Meeting Attendance	
		Board	(9/9)	100%
	<b>Total</b>	(9/9)	100%	
Voting Results of 2017 Annual Meeting	Number of Votes		% of Votes	
	Votes For		99.20%	

Votes Withheld	175,376	0.80%
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Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
<b>Patrick Arnell</b> Alberta, Canada	57	November 7, 2016 (Old Petrus, August 2011 to February 2016)	198,870	21,673	23,740

**Independent**

Mr. Arnell was a director of Old Petrus from August 3, 2011 to February 2, 2016. Mr. Arnell has been an independent businessman since 2005 and a founding shareholder of Rangeland Drilling Automation Inc., a private manufacturer of oilfield drilling equipment.

Currently, Mr. Arnell is also the Chairman and Chief Executive Officer of Orix Investments Inc., a private investment company headquartered in Calgary, Alberta, since September 5, 2005. Prior thereto, he was the president and majority owner of Rayton Packaging Inc., a private packaging manufacturer, from 1992 to 2005.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(9/9)	100%
Audit Committee	(5/5)	100%	
Reserves Committee	(2/2)	100%	
Compensation Committee (Chair)	(4/4)	100%	
<b>Total</b>	<b>(20/20)</b>	<b>100%</b>	
Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes	
	Votes For	21,323,213	96.81%
	Votes Withheld	701,572	3.19%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
<b>Donald Cormack</b> Calgary, Alberta	65	November 25, 2015 Old Petrus (December 2010 to February 2016)	21,622	21,673	23,740

**Independent**

Mr. Cormack is a corporate director, who is currently a director of the YYC Calgary International Airport and has served on the board of directors of numerous not for profit organizations. Prior thereto, Mr. Cormack was a partner with PricewaterhouseCoopers LLP ("PWC"), and also the Calgary audit practice leader from 1997 to 2007, until his retirement in 2012.

Mr. Cormack has extensive financial accounting and reporting experience with both private and public companies of all sizes covering regulatory compliance, risk management, acquisitions, corporate restructuring, internal controls and governance in Canada and the U.S. Mr. Cormack is a past director of the Calgary Police Foundation and past director of The Calgary Foundation and Alberta Health Services He is a Chartered Professional Accountant, a graduate of the Institute of Corporate Directors Program and has a Bachelor of Commerce degree from the University of Saskatchewan.

Board and Committee Membership	Membership		Meeting Attendance	
	Board	(9/9)	100%	
	Audit Committee (Chair)	(5/5)	100%	
	Compensation Committee	(4/4)	100%	
	<b>Total</b>	<b>(18/18)</b>	<b>100%</b>	
Voting Results of 2017 AGM	Number of Votes		% of Votes	
Votes For	21,806,312		99.01%	
Votes Withheld	218,473		0.99%	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
<b>Brian Minnehan</b> Texas, United States	46	November 25, 2015 <sup>(3)</sup> (Old Petrus, January 2015 to February 2016)	Nil <sup>(2)</sup>	21,673	23,740

**Independent**

Mr. Minnehan is a Partner of NGP, a private equity fund focused on investments in energy, where he has been since 2007. He currently sits on the board of directors of several private oil and natural gas companies.

Board and Committee Membership	Membership		Meeting Attendance	
	Board	(9/9)	100%	
	Reserves Committee	(2/2)	100%	
	Compensation Committee	(4/4)	100%	
	<b>Total</b>	<b>(15/15)</b>	<b>100%</b>	
Voting Results of 2017 Annual Meeting	Number of Votes		% of Votes	
Votes For	21,847,969		99.20%	
Votes Withheld	176,816		0.80%	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
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<b>Jeffrey Zlotky</b> Texas, United States	57	December 29, 2015 <sup>(3)</sup>	Nil <sup>(2)</sup>	21,673	23,740
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**Independent**

Mr. Zlotky is a Partner and General Counsel of NGP Energy Capital Management, L.L.C., a private equity fund focused on investments in energy, since 2015. Prior thereto, Mr. Zlotky spent his entire professional career at the law firm of Thompson & Knight LLP, a Texas based law firm, where he worked in their Corporate and Securities Department and specialized in corporate transactions involving the oil and gas industry and private equity. He served in a variety of increasing management positions at the law firm, including as its global Managing Partner from 2009 to 2012.

Mr. Zlotky currently serves as the Corporate Secretary for Vantage Energy Acquisition Corp., an energy-focused special purpose acquisition entity listed on the NASDAQ, and several private oil and natural gas companies.

Board and Committee Membership	Membership	Meeting Attendance
	Board	(9/9) 100%
	<b>Total</b>	(9/9) 100%
Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
	Votes For	21,864,204 99.27%
	Votes Withheld	160,581 0.73%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	DSUs <sup>(4)</sup>	Options
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<b>Stephen White</b> Alberta, Canada	60	February 2, 2016	98,106	21,673	23,740
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**Independent**

Mr. White is a retired industry executive and serves on the board of several private companies in addition to Petrus. Mr. White was President and Chief Financial Officer of Fort Chicago Energy Management Ltd., the general partner of Fort Chicago Energy Partners L.P. (which subsequently became Veresen Inc.), a public energy infrastructure company, from its inception in 1997 until January 1, 2003 when he assumed the role of President and Chief Executive Officer, the position he held until his retirement as President and Chief Executive Officer of Veresen Inc. effective November 20, 2012.

Mr. White has over 25 years of experience in Canada and New Zealand in the finance, accounting and business development areas working in public accounting and with natural resource companies. Mr. White was previously a member of the New Zealand Society of Accountants. Mr. White serves on the board of directors of several private companies and trusts.

Board and Committee Membership	Membership	Meeting Attendance
	Board	(9/9) 100%
	Audit Committee	(5/5) 100%
	<b>Total</b>	(14/14) 100%
Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
	Votes For	21,848,842 99.20%
	Votes Withheld	175,943 0.80%

## Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, is based upon information furnished to Petrus by the nominees.

- (2) Mr. Minnehan is a Partner of NGP and Mr. Zlotky is the General Counsel of NGP Energy Capital Management, L.L.C., and each are nominee directors of NGP pursuant to the Nomination Rights Agreement (Mr. Minnehan was initially appointed as a director nominee of NGP pursuant to the Shareholders' Agreement (defined herein)). NGP controls or directs, directly or indirectly, 12,040,340 Common Shares, being 24.3% of the issued and outstanding Common Shares as at April 4, 2018. See "*Material Contracts - Agreements with NGP - Nomination Rights Agreement*" in the AIF.
- (3) Mr. Korchinski attended all Audit Committee, Reserves Committee and Compensation Committee meetings during 2017.
- (4) If the DSU Plan is not approved at the Meeting, all DSUs will be settled in cash.

### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

Other than as disclosed below, to the knowledge of our executive officers and directors, none of the proposed directors is, or has been in the last 10 years before the date hereof, 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 or similar order or an order that denied the relevant issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (b) was subject to, after that person ceased to be a director, chief executive officer or chief financial officer, of the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation for a period of more than 30 consecutive days, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or (c) while such person was acting in that capacity, or within a year of such 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.

Stephen White was a director of Lignol Energy Corporation ("**Lignol**"), a biofuels technology company listed on the TSX Venture Exchange. On August 22, 2014, a secured creditor of Lignol appointed a receiver over the assets and undertaking of Lignol.

Mr. Donald Cormack was a director of Walton Ontario Land 1 Corporation and Walton Edgemont Development Corporation ("**Walton Entities**"), registered entities engaged in property development, in Ontario and Alberta respectively. Mr. Cormack resigned as a director of the Walton Entities on April 13, 2017. Two weeks after Mr. Cormack's resignation, the Walton Entities filed for creditor protection under the *Companies Creditors' Arrangement Act* (Canada) on April 28, 2017.

Mr. Brian Minnehan is a director of Mosaic Energy Ltd. ("**Mosaic**"), an Alberta energy company, which was placed into receivership under the *Bankruptcy and Insolvency Act* (Canada) on April 26, 2012. On April 12 2017, an order was granted discharging the receiver of Mosaic upon its filing of a certificate with the Court confirming certain distributions/payments. The certificate has not yet been filed by the Receiver. On April 21, 2017, Mr. Zlotky was appointed as a director of Mosaic.

No proposed director has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Further, no proposed director or any personal holding companies of a proposed director of the Corporation have 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 Shareholder in deciding whether to vote for a proposed director of the Corporation.

### **Appointment of Auditors**

At the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution to engage the services of Ernst & Young LLP, Chartered Professional Accountants of Calgary, Alberta, to act as our auditors until the next annual meeting of Shareholders and to authorize our directors to fix their remuneration as such. Ernst &

Young LLP, Chartered Professional Accountants of Calgary, Alberta has served as auditors of the Corporation since November 25, 2015 and has served as the auditors of Old Petrus since November 9, 2011.

See the Corporation's AIF on page 33 for additional information regarding the fees paid to our external auditors in 2017 and 2016.

**Management unanimously recommends that the Shareholders vote FOR the appointment of auditors and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the appointment of auditors.**

#### **Approval of Unallocated Options under the Option Plan**

The Option Plan is described under "*Statement of Executive Compensation – Long-term Incentive Compensation – Option Plan*" and is currently an integral component of compensation arrangements for officers, directors, employees and service providers of the Corporation and its subsidiaries. The purpose of the Option Plan is to align director, executive officer, employee, service provider and Shareholder interests by attempting to create a direct link between compensation and Shareholder return. The Option Plan is administered by the Board (which may delegate its authority to the Compensation Committee or other committee), which has authority to interpret the Option Plan, including in respect of any Options granted thereunder. When Options have been granted, Common Shares reserved for issuance under any outstanding Options are referred to herein as "allocated Options". Additional Common Shares that may be issued pursuant to the Option Plan, but are not subject to current Options, are referred to herein as "unallocated Options". If the DSU Plan is approved at the Meeting, Petrus will no longer issue Options to its directors.

The Option Plan is a "rolling plan" whereby the Corporation is entitled to issue Options in respect of a maximum number of Common Shares equal to 10% of the issued and outstanding Common Shares (on a non-diluted basis), less the aggregate number of Common Shares reserved for issuance under all other security based compensation arrangements of the Corporation. A rolling plan allows the number of Common Shares covered by Options that have been exercised, to be available for subsequent grants under the Option Plan. In accordance with the policies of the TSX, unallocated options under rolling option plans must receive shareholder approval three (3) years from the date of listing on the TSX and subsequently every three (3) years after that. The Option Plan was approved by the TSX in connection with the listing of the Common Shares on the TSX in the spring of 2016 and was last approved by Shareholders on December 19, 2015.

Based on 49,491,840 issued and outstanding Common Shares at April 4, 2018, the number of Options that may be issued under the Option Plan is currently limited to 4,949,184 of which Options to purchase 2,214,570 Common Shares are outstanding and 130,038 DSUs entitling the holders thereof to receive an aggregate of 130,038 Common Shares on redemption (assuming approval of the DSU Plan at the Meeting), leaving unallocated 2,604,576 Common Shares available for future Option grants.

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution substantially in the form set forth below.

"BE IT RESOLVED as an ordinary resolution that:

1. all unallocated stock options available under the option plan of Petrus Resources Ltd. (the "**Corporation**") are hereby approved until May 8, 2021; and
2. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all other documents, and do all such acts and things, as may be necessary or desirable in connection with the foregoing resolution."

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Shareholders present in person or represented by proxy at the Meeting. **Management recommends that Shareholders vote FOR the above resolution. The persons named in the enclosed form of proxy intend to vote FOR this resolution unless expressly directed to the contrary.**

The directors unanimously approved all unallocated Options available under the Option Plan on March 29, 2018. If at the Meeting, the Shareholders do not approve all unallocated Options under the Option Plan, all currently outstanding Options will be unaffected, however the Corporation will not issue any further Options under the Option Plan and any outstanding Options that are thereafter cancelled or expire will not be available for re-grant until such time as Shareholder approval is obtained.

If approval is not obtained at the Meeting, the Corporation will have to consider alternate forms of performance-based compensation, including additional cash bonuses, additional grants under the RSU Plan (as defined herein) or other means in order to attract and retain qualified personnel.

### **Deferred Share Unit Plan**

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the DSU Plan and to ratify grants made pursuant to the DSU Plan prior to its approval by Shareholders. The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interest between the directors and Shareholders. DSUs can only be granted to non-employee directors.

Non-employee directors are expected to receive an annual grant of DSUs under the DSU Plan. DSUs vest once they are credited to the director's DSU account and may only be redeemed after the director ceases to be a director. The value of the DSUs on any particular date is calculated by multiplying the number of DSUs in the director's DSU account by the then "Fair Market Value" of the Common Shares. "Fair Market Value" is defined in the DSU Plan as, at any date, the weighted average of the prices at which the Common Shares traded on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX, on such stock exchange in Canada on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board) for the 5 trading days on which the Common Shares traded on such exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the "Fair Market Value" shall be the fair market value of the Common Shares as determined by the Board, in its sole discretion, acting reasonably and in good faith.

When a director ceases to be a director, the director will be entitled to request redemption of all DSUs credited to his or her account. All DSUs will be redeemed at the option of the director (or, if the director has died, to his or her estate) for: (i) Common Shares in a number equal to the number of DSUs redeemed (provided Shareholders approve the DSU Plan at the Meeting); (ii) a cash amount equal to the Fair Market Value of such Common Shares; or (iii) any combination thereof. The maximum number of Common Shares that can be issued pursuant to the DSU Plan is limited to the lesser of: (i) 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time; and (ii) 10% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time, less the aggregate number of Common Shares reserved for issuance under all other share compensation arrangements of Petrus.

On October 17, 2017 an aggregate of 130,038 DSUs were issued to the non-management directors of Petrus under the DSU Plan. Pursuant to the requirements of the TSX, to enable directors to elect to redeem DSUs for Common Shares, the DSU Plan must be approved by Shareholders. In addition, to enable the previously issued DSUs to be redeemed for Common Shares, Shareholders must ratify the grants of such DSUs. If the DSU Plan is approved at the Meeting, Petrus will no longer issue Options to its directors.

The DSU Plan has been approved by the TSX, subject to Shareholder approval. A summary of the DSU Plan is provided below under "*Statement of Executive Compensation – Long-term Incentive Compensation – Deferred Share Unit Plan*" and a copy of the DSU Plan has been filed on Petrus' profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution substantially in the form set forth below.

"BE IT RESOLVED as an ordinary resolution that:

1. the deferred share unit plan of Petrus Resources Ltd. (the "**Corporation**") and the reservation of common shares in the capital of the Corporation under the plan, in the form as described in the information circular and proxy statement of the Corporation dated April 4, 2018 with such other conforming changes as the board of directors of the Corporation considers necessary or appropriate, is hereby ratified, confirmed and approved;
2. the issuance of an aggregate of 130,038 deferred share units to certain directors of the Corporation on October 17, 2017, pursuant to which 130,038 common shares of the Corporation may be issued, is hereby confirmed, ratified and approved; and
3. any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver all such documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions."

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Shareholders present in person or represented by proxy at the Meeting. **Management recommends that Shareholders vote FOR the above resolution. The persons named in the enclosed form of proxy intend to vote FOR this resolution unless expressly directed to the contrary.**

#### **Restricted Share Unit Award Plan**

On October 17, 2017, the Board approved the adoption by the Corporation of a restricted share unit award plan, which was subsequently amended on March 29, 2018 (the "**RSU Plan**"). The RSU Plan was established for purposes of compensating officers, employees and consultants of the Corporation and its subsidiaries ("**Eligible Participants**") by allowing them to participate in the long-term success of the Corporation, thereby promoting a greater alignment of their interests with the interests of Shareholders.

The RSU Plan is administered by the Board. The Board has full and final discretion to interpret the provisions of the RSU Plan and to govern the administration and operation of the RSU Plan. Restricted share unit awards ("**RSUs**") may be granted only to Eligible Participants, provided, however, that the participation of an Eligible Participant in the RSU Plan is voluntary.

The maximum number of Common Shares that may be reserved for issuance under the RSU Plan may not exceed 5% of the number of issued and outstanding Common Shares (on a non-diluted basis). Each RSU granted under the RSU Plan shall be subject to the terms and conditions of the RSU Plan and evidenced by a written agreement between Petrus and the Eligible Participant or an award letter or other confirmation of such grant from Petrus to the Eligible Participant (a "**Restricted Award Confirmation**") which shall include the vesting criteria for the RSUs, the settlement date of the RSUs (the "**Settlement Date**") and the expiry date of the RSUs (the "**Expiry Date**").

Under the RSU Plan, on the Settlement Date, Petrus at its sole and absolute discretion, has the option of settling the amount payable in respect of an RSU (the "**Payment Amount**") by any of the following methods, or by a combination of such methods:

- (i) payment in cash;
- (ii) in the event that the Common Shares are listed on the TSX, payment in Common Shares acquired by Petrus on the TSX; or
- (iii) if approved by the Board, payment in Common Shares issued from the treasury of Petrus (subject to any required approval of the TSX).

With respect to any RSUs, Petrus may not determine whether the payment method shall take the form of cash or Common Shares, or a combination thereof, until the Settlement Date, or some reasonable time prior thereto. The

Payment Amount in respect of each RSU, subject to adjustment in accordance with the terms and conditions of the RSU Plan, shall be equal to the "Fair Market Value" which is defined in the RSU Plan with the same definition as set forth above for "Fair Market Value" under the DSU Plan. See "*Matters to be acted upon at the Meeting – Deferred Share Unit Plan*".

To date no RSUs have been issued under the RSU Plan.

Pursuant to the requirements of the TSX, to enable Petrus to elect to settle RSUs with Common Shares, the RSU Plan must be approved by Shareholders. If the resolution to approve the RSU Plan is not passed by Shareholders at the Meeting, RSUs may only be settled in cash.

The RSU Plan has been approved by the TSX, subject to Shareholder approval. A summary of the plan is provided below under "*Statement of Executive Compensation – Long-term Incentive Compensation – Restricted Share Unit Award Plan*" and a copy of the RSU Plan has been filed on Petrus' profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) under the category "*Other Securityholder Documents*".

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution substantially in the form set forth below.

"BE IT RESOLVED as an ordinary resolution that:

1. the restricted share unit award plan of Petrus Resources Ltd. (the "**Corporation**") and the reservation of common shares in the capital of the Corporation under the plan, in the form as described in the information circular and proxy statement of the Corporation dated April 4, 2018 with such other conforming changes as the board of directors of the Corporation considers necessary or appropriate, is hereby ratified, confirmed and approved; and
2. any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver all such documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions."

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by Shareholders present in person or represented by proxy at the Meeting. **Management recommends that Shareholders vote FOR the above resolution. The persons named in the enclosed form of proxy intend to vote FOR this resolution unless expressly directed to the contrary.**

#### **Other Matters**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders. However, if any other matter properly comes before the Meeting, each duly completed and submitted form of proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting except as disclosed herein.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Introduction*

Petrus' compensation policies are founded on the principle that compensation should be aligned with Shareholders' interests, while also recognizing that Petrus' corporate performance is dependent upon the retention of highly trained, experienced and committed executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage the Corporation's business. Petrus' compensation policies also recognize that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the oil and natural gas industry and the impact of internal and market-related occurrences from time to time.

The main objectives of the Corporation's executive compensation program are to attract, recruit and retain individuals of high caliber to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align their interests with the long-term interests of the Shareholders. In approaching these key objectives, the Board recognizes that compensation based on performance promotes the Corporation's continued growth in production, reserves, funds from operations and earnings on an absolute and per share basis.

#### *Compensation Governance*

The Compensation and Nominating Committee (the "**Compensation Committee**"), comprised entirely of independent directors (within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**")), is responsible for developing the approach of the Corporation with respect to matters concerning human resources, compensation and corporate governance and, from time to time, reviewing and making recommendations to the Board in respect of such matters.

The Compensation Committee focuses on ensuring that the Corporation's human resource strategies support the Corporation's objectives, and on developing and recommending to the Board governance standards applicable to the Corporation. The Compensation Committee is responsible for overseeing the evaluation of the Board and annually assessing the effectiveness of the Board as a whole.

The Compensation Committee is also responsible for reviewing compensation levels of senior management, the corporate goals and objectives relevant to the Chief Executive Officer's compensation, assisting in the determination of the Chief Executive Officer's compensation and providing advice to the Board concerning the general oversight of compensation and governance matters. The Compensation Committee also assists the Board in identifying individuals qualified to become Board members and recommending director nominees.

The members of the Compensation Committee, Messrs. Arnell, Minnehan, Cormack and Gray, are each highly experienced executives, directors and/or businessmen who have dealt with numerous compensation issues in the course of their leadership roles. A brief summary of the relevant work experience of each such member is set out below.

#### *Mr. Patrick Arnell (Chair)*

Mr. Arnell holds an MBA from the University of Saskatchewan. Mr. Arnell was previously President and majority owner of Rayton Packaging Inc. from 1992 to 2005, overseeing its expansion from Alberta to extensive operations in Canada, the U.S., Mexico and Chile. Mr. Arnell was previously Chairman of Rangeland Industrial Service Ltd. ("**Rangeland**"), a manufacturer of automated service rigs and pipe handling equipment for the energy industry where he was responsible for the compensation policies for Rangeland's employees.

*Mr. Brian Minnehan*

Mr. Minnehan is a Partner of NGP a private equity fund focused on investments in energy, since 2007 and currently sits on the board of several private oil and gas companies. Mr. Minnehan oversees the compensation plans and policies for several of NGP's portfolio investment companies.

*Mr. Donald Cormack*

Mr. Donald Cormack was a Partner at PWC. He served as the Calgary and Alberta Audit and Advisory Practice Leader at PWC and was a member of the National Assurance executive of PWC. Mr. Cormack has extensive financial accounting and reporting experience with both private and public companies of all sizes covering regulatory compliance, risk management, acquisitions, corporate restructuring, internal controls and governance in Canada and the U.S. Mr. Cormack has reviewed and audited the compensation plans of a number of private and public companies over his career.

*Mr. Don Gray*

Mr. Gray was the Chief Executive Officer of Peyto Energy Trust from August 2006 to January 2007; prior thereto, Mr. Gray was the President and Chief Executive Officer of Peyto Energy Trust (formerly Peyto Exploration & Development Corp.) from October 1998 to August 2006. Mr. Gray oversaw the structuring and implementation of Peyto's compensation policies during his tenure at Peyto.

***Compensation and Nominating Committee***

In 2017, the Compensation Committee conducted a review of director and executive compensation with the assistance of In4Med Solutions, a consulting company, for compilation of peer compensation information. The process undertaken by the Compensation Committee included a review of Petrus' peer group current compensation, a review of pay philosophy, desired pay positioning, pay mix, high level incentive pay design and a review and refinement of both the short term incentive plan and long term incentive plan design and performance framework.

No fees were billed by In4Med Solutions with respect to the data compilation services provided and no other compensation consultants or advisors were retained by Petrus in 2017. (or advisors were retained) to Petrus in 2017 with respect to the data compilation services provided.

***Executive Compensation Principles***

The Board believes that a performance-based compensation plan is an important element in the compensation package for the Corporation's executive officers. This compensation strategy is similar to the strategies of many other companies in the Corporation's peer group. The Corporation's compensation program is primarily designed to reward performance. Accordingly, the performance of the Corporation, and the Corporation's executive officers, are examined by the Board in conjunction with setting executive compensation packages. The Corporation's compensation policies are founded on the principle that executive and employee compensation should be consistent with Shareholders' interests and, therefore, the compensation strategy employed is balanced between fixed and variable performance based compensation. The objectives of the policies are to attract and retain a high-quality management and employee team and to motivate performance by tying a significant component of compensation to performance measures. The current elements of the Corporation's executive and employee compensation policies are consistent with the Corporation's business strategy of creating Shareholder value by efficiently developing and producing oil and gas reserves. The Compensation Committee evaluates these objectives on an ongoing basis. The Corporation's compensation plan for executive officers consists of the following items:

- Base Salaries
- Short-Term Incentive Compensation (Value Component)
- Long-Term Incentive Compensation (Options and RSUs)

When determining compensation, including the assessment of the competitiveness of the Corporation's compensation, management and the Compensation Committee review the compensation practices of companies in Petrus' peer group. Each year the total compensation of the Named Executive Officers (as defined herein) is reviewed by the Compensation Committee and compared to the total compensation for executives holding similar positions with other oil and natural gas companies of a similar size and stage of development. Management and the Compensation Committee review comparative industry data to ensure compensation effectiveness. Together with the market data, the individual performance and development of each Named Executive Officer, other than the Chief Executive Officer, is assessed by the Chief Executive Officer, and a recommendation is made to the Compensation Committee for the appropriate salary and annual incentive for each individual. The Compensation Committee then reviews these recommendations and assesses Chief Executive Officer performance and development, in conjunction with its own review of the Corporation's growth in value (Value Component which is the accretive growth in oil and natural gas reserve value as discussed in detail below), executive performance and market data. A recommendation for approval of the compensation is made to the Board by the Compensation Committee. The Corporation does not have a pension plan or other form of formal retirement compensation.

The named executive officers (as defined in Form 51-102F6 as prescribed in National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102")) of the Corporation are Neil Korchinski (President and Chief Executive Officer), Cheree Stephenson (Vice President, Finance and Chief Financial Officer), Jamie Kuntz (Manager Facilities and Pipelines), Marcus Schlegel (Vice President, Engineering) and Ross Keilly (Vice President, Exploration) (collectively referred to herein as the "Named Executive Officers" or the "NEOs").

### ***Elements of the Corporation's Executive Compensation Program***

#### ***Base Salaries***

The base salary component of the Corporation's compensation program is intended to provide a fixed level of competitive pay that reflects the executive officer's primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed and established. The Corporation intends to pay a base salary to its executive officers and senior management that is competitive with peer companies in the oil and natural gas industry. The Compensation Committee compares the base salaries of its executive officers with that of officers at peer companies in the oil and natural gas industry and recommends to the Board that Petrus set its pay level in-line with the Corporation's peer group for such positions, while also considering the other components of its executive officer compensation package. Factors reviewed in assessing peer companies includes total revenue, total assets, total level of capital expenditures, number of employees, business strategy, asset characteristics and daily production levels on a per barrel of oil equivalent (boe) basis. Such peer companies are:

Journey Energy Inc.	Crew Energy Inc.	Tamarack Valley Energy Ltd.
Raging River Exploration Inc.	Spartan Energy Corp.	Storm Resources Ltd.
Cequence Energy Ltd.	Delphi Energy Corp.	

In light of economic circumstances, Petrus had temporary 10% salary reductions in place during portions of 2015 and 2016, which are reflected below under "*Statement of Executive Compensation – Summary Compensation Table*".

#### ***Short-Term Incentive Compensation – Value Component***

The principal purpose of the Value Component is to coincide with the interests of Petrus by providing for bonuses for employees of the Corporation who are designated as participants thereunder. The main strategy of the Value Component is to reward participants for accretive oil and natural gas reserve value growth, which is a result of Petrus' exploration and development program. The Value Component is designed to recognize individual performance that has played a role in creating incremental value per Common Share but not to reward for increases in commodity prices. Petrus believes that the change in value of the Corporation's proven producing reserves is the best measure of performance of an oil and natural gas company.

The Value Component is administered by the CEO, who designates the participants, other than the CEO, in the Value Component among key employees of Petrus and allocates a component of the value pool to each such participant. The allocation of the value pool is not set in relation to any formula or specific criteria but is the result of a subjective determination by the CEO and is approved by the Compensation Committee and the Board with the use of the Corporation's third party reserve evaluator's calculation of the incremental value of the Corporation's proven producing reserves using the same price forecast for the opening and closing valuation and an 8% discount factor. This incremental value is adjusted for debt and equity in order to isolate the net incremental value added on a per share basis and assists the CEO in making his recommendation. Recommendations regarding the allocations made by the CEO are reviewed by the Compensation Committee. Allocations and payments made to the CEO are determined by the Board on the advice of the Compensation Committee. Given the relatively low number of employees at Petrus, this manner of allocation remains optimal.

Under the Value Component, the Short-Term Incentive Compensation is comprised of 4% of the annual incremental increase in value, if any, as adjusted to reflect changes in debt, equity, general and administrative expenses and interest expense, of the Corporation's proven producing reserves calculated using a discount rate of 8%. The change in the Corporation's proven producing reserves is calculated on a calendar year basis. The Corporation's proven producing reserves are calculated by a third party reserve evaluator, at the end of each fiscal year. The resulting payments, if any, under the Value Component are paid in cash. For 2017, a total value based bonus of \$0.3 million was earned.

### *Long-Term Incentive Compensation*

Options granted under the Option Plan and issuances of RSUs to officers, employees and service providers are intended to align director, executive officer, employee, service provider and Shareholder interests by attempting to create a direct link between compensation and Shareholder return. The issuances of such incentive securities rewards overall corporate performance, as measured with reference to the price of the Common Shares. In addition, this enables executive officers to develop and maintain a significant ownership position in the Corporation. The outstanding amount of previously granted securities to an individual is taken into account when considering new grants.

#### *Option Plan*

The Corporation has adopted the Option Plan pursuant to which Options may be granted to directors, executive officers, employees and certain service providers of the Corporation or its subsidiaries (each an "**Eligible Person**"). The purpose of the Option Plan is to align director, executive officer, employee, certain service provider and Shareholder interests by attempting to create a direct link between compensation and Shareholder return. The Option Plan is administered by the Board (which may delegate its authority to the Compensation Committee or other committee), which has authority to interpret the Option Plan, including in respect of any Options granted thereunder. In accordance with the policies of the TSX, unallocated options under rolling option plans must receive Shareholder approval three (3) years from the date of listing on the TSX and subsequently every three (3) years after that. The Option Plan was last approved by Shareholders on December 19, 2015. If the DSU Plan is approved at the Meeting, Petrus will no longer issue Options to its directors.

When making recommendations with respect to Options to be granted to each of the executive officers of Petrus, it is expected that the Board, or the Compensation Committee, as applicable, will review the recommendations of management and information with respect to Options granted by companies in Petrus' peer group as well as previous grants of Options to the Eligible Person. Options are not transferable or assignable, except in accordance with the Option Plan, and the holding of Options shall not entitle the holder to any rights as a Shareholder.

The Board will set the term of the Options granted under the Option Plan provided that such term does not exceed a maximum term of five (5) years. Subject to any vesting restrictions imposed by the TSX, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. Where no determination as to vesting is made, the Options shall vest as to one third (1/3) of the number of Options granted on the first, second and third anniversaries of the date of grant.

The exercise price of Options shall not be less than the "Current Market Price", where such term is defined to mean the volume weighted average trading price of the Common Shares on the TSX (or if the Common Shares are listed on more than one stock exchange, on such stock exchange as may be designated by the Compensation Committee for

such purpose) for the five (5) trading days immediately preceding the date of the grant of Options 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; or, if the Common Shares are not listed on any exchange, a price determined by the Board, Compensation Committee or any committee thereof.

In addition to the typical exercise method of issuing Common Shares to the holder in exchange for the payment of the exercise price of the Option, the Option Plan also allows Options to be exchanged for the issuance of Common Shares equal to the number determined by dividing the Current Market Price into the difference between the Current Market Price and the exercise price of such Options. The resulting Common Shares issued to the optionee could subsequently be held, or sold on the open market for cash, at the holder's option. Petrus will not provide financial assistance to Option holders in connection with the exercise of their Options.

The Option Plan limits insider participation such that in aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders as defined in subsection 1(aa) of the *Securities Act* (Alberta) and includes an associate, as defined in subsection 1(c) of the *Securities Act* (Alberta) under the Option Plan, together with all of Petrus' other security based compensation arrangements (the "**Common Share Maximum**"). Further, the number of securities Petrus issues to insiders within any twelve (12) month period under all of Petrus' security based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares. The Option Plan also provides that no single service provider may be granted Options to purchase a number of Common Shares equaling more than 5% of the issued and outstanding Common Shares in any twelve (12) month period unless Petrus has obtained disinterested Shareholder approval in respect of such grant and meets TSX requirements.

The following sets forth 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>
2016	791,580	44,429,000	1.8%
2017	1,855,200	48,825,000	3.8%

Notes:

- (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.
- (2) The Option Plan was adopted by the Corporation in December 2015 and the first grant of Options thereunder occurred following the completion of the Plan of Arrangement.

The Board has discretion to make amendments to the Option Plan which it may deem necessary, without having to obtain Shareholder approval, provided that no such amendment may, without the consent of optionees, alter or impair any Option previously granted to an optionee under the Option Plan and provided further that any amendment to the Option Plan is subject to prior approval of the TSX. The Board may by resolution amend the Option Plan and any Options granted under it without Shareholder approval, however, the Board will not be entitled, in the absence of Shareholder and TSX approval, to:

- (a) make any amendment to the Option Plan to increase the Common Share Maximum;
- (b) reduce the exercise price of any outstanding Options;
- (c) cancel an Option and subsequently issue the holder of such Option a new Option or other entitlements in replacement thereof;
- (d) extend the term of any outstanding Option beyond the original expiry date of such Option;

- (e) make an amendment to increase or remove the maximum limit on the number of Options that may be issued to insiders;
- (f) make an amendment to increase the value of Options issuable to directors who are not officers or employees of the Corporation, or its subsidiaries, under the Corporation's incentive plans;
- (g) make any amendment to the Option 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
- (h) make an amendment to the section of the Option Plan governing amendments.

Upon termination of an Eligible Person for cause, the Options held by the Eligible Person shall become null and void on the date on which notice is given to the optionee of such termination. Upon termination of an Eligible Person for any other reason, other than death, the Eligible Person may exercise the Options, to the extent to which the Eligible Person was entitled to exercise them, at the date of termination, provided that the exercise occurs within thirty (30) days following the termination of the Eligible Person. In the case of death, permanent disability or retirement, the Eligible Person is entitled to exercise those Options which such person was entitled to exercise on the date of death, permanent disability or retirement for not more than twelve (12) months following the date of death, permanent disability or retirement and in the absence of a determination by the Board, not more than six (6) months from the date of the same.

As of April 4, 2018, Options to purchase 2,914,930 Common Shares are outstanding under the Option Plan. The details of the Corporation's 2016 and 2017 Option grants are set out below. No Options were granted in 2015.

Year	Options Granted	Grant Price	Common Shares Outstanding at Year End	Options Granted as a % of Common Shares Outstanding
2017	1,855,200	\$2.26	49,491,840	3.7%
2016	791,580	\$1.98	45,349,192	1.7%

#### *RSU Plan*

Petrus has adopted the RSU Plan for officers, employees and consultants of the Corporation and its subsidiaries. Directors are not eligible to participate in the RSU Plan. The purpose of the RSU Plan is to align the interests of the Eligible Participants with those of Shareholders and to assist the Corporation in attracting and retaining the talent it requires. The Board has authority to interpret the RSU Plan, including any questions in respect of any RSUs granted thereunder. The Board has the authority to amend or terminate the RSU Plan at any time, in whole or in part, without the approval of the Shareholders, subject to certain exceptions set forth in the RSU Plan.

RSUs initially have a notional value equivalent to the value of a Common Share. No payment may be made upon settlement of the RSUs on a date following the Expiry Date. With respect to any RSUs, Petrus shall not determine whether the payment method shall take the form of cash or Common Shares, or a combination thereof, until the Settlement Date, or some reasonable time prior thereto. Upon vesting, the Payment Amount in respect of each RSU, subject to adjustment in accordance with the terms and conditions of the RSU Plan, shall be equal to the "Fair Market Value". RSUs granted pursuant to the RSU Plan shall, unless otherwise determined by the Board or as otherwise set out in the RSU Plan, vest as to one-third (1/3) of the grant of RSUs on each of the first, second and third anniversaries of the date determined by the Board to be the "Grant Date" of such RSUs. Each RSU expires on December 15 of the third calendar year following the year in which the grant of the RSU is made.

The RSU Plan contains limits on the number of Common Shares that may be issued to participants during specified periods of time. In particular: (i) the maximum number of Common Shares that may be issued from treasury of Petrus to any service provider under the RSU Plan, at any time, is equal to 5% of the number of issued and outstanding Common Shares (on a non-diluted basis), less the aggregate number of Common Shares reserved for issuance to such Eligible Participant under any other share compensation arrangement (the "**Individual Limit**"); and (ii) the maximum number of Common Shares that may be issued to "Insiders" (as defined in the Securities Act (Ontario)) as a whole

may not exceed 5% of the issued and outstanding Common Shares as of the date of the grant of the share unit award, less the aggregate number of Common Shares reserved for issuance under any of the Corporation's other share-based compensation arrangements (the "**Aggregate Insider Limit**"). The maximum number of Common Shares that may be issued to Insiders as a whole under the RSU Plan within a one year period shall be 5% of the number of issued and outstanding Common Shares (on a non-diluted basis), less the Common Shares issued to Insiders as a whole under the RSU Plan or any other security based compensation arrangement over the preceding one year period. The maximum number of Common Shares that may be issued to any one Insider under the RSU Plan and any other security based compensation arrangement within a one year period shall be 5% of the number of issued and outstanding Common Shares (on a non-diluted basis), less the Common Shares issued to such Insider under the RSU Plan or any other security based compensation arrangement over the preceding one year period.

The RSU also provides that the aggregate number of Common Shares reserved for issuance under the RSU Plan shall not exceed 5% of the issued and outstanding Common Shares.

Petrus may amend or discontinue the RSU Plan or RSUs granted under the RSU Plan at any time by resolution of the Board provided that, any amendment to the RSU 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 RSU Plan or RSUs granted under the RSU Plan may be made without the consent of the RSU holders, if it adversely alters or impairs any RSUs previously granted to such holders under the RSU Plan; provided that any amendments to the RSU Plan to allow for the Payout Amount of any RSUs to be settled by the issuance of Common Shares, or to comply with the requirements of the TSX, shall not be considered to adversely alter or impair any RSUs previously granted under the RSU Plan and all RSU holders are deemed to have consented to such amendments.

Under the RSU Plan, if an Eligible Participant voluntarily resigns or is terminated for cause, effective as of the date of date of such termination of resignation, all unvested RSUs shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Eligible Participant. If an Eligible Participant is terminated by Petrus, for reasons other than for cause, then for any RSUs held by such Eligible Participant with a vesting date that is within ninety (90) days following the date of such termination, the vesting date(s) and Settlement Date(s) for such RSUs shall be the date of such termination, and the Eligible Participant shall be entitled to receive the Payout Amount of such RSUs. Upon the death of an Eligible Participant, the vesting date(s) and Settlement Date(s) of any RSUs held by such Eligible Participant shall be deemed to be the date of death and the Eligible Participant's personal or legal representative shall be entitled to receive the Payout Amount of such RSUs following such vesting date. RSUs are not assignable.

No RSUs have been granted to date.

### **Risk Adjusted Compensation**

As part of its review of the Corporation's compensation program, the Compensation Committee considers whether the compensation program provides executive officers of the Corporation with adequate incentives to achieve both short and long-term objectives without motivating them to take inappropriate or excessive risk. This assessment is based on a number of considerations including, without limitation, the following: (a) the terms of the Option Plan and the RSU Plan; (b) the portion of executive compensation in the form of bonuses is not guaranteed and is variable year over year; and (c) the overall compensation program is market based and aligned with the Corporation's business plan and long-term strategies.

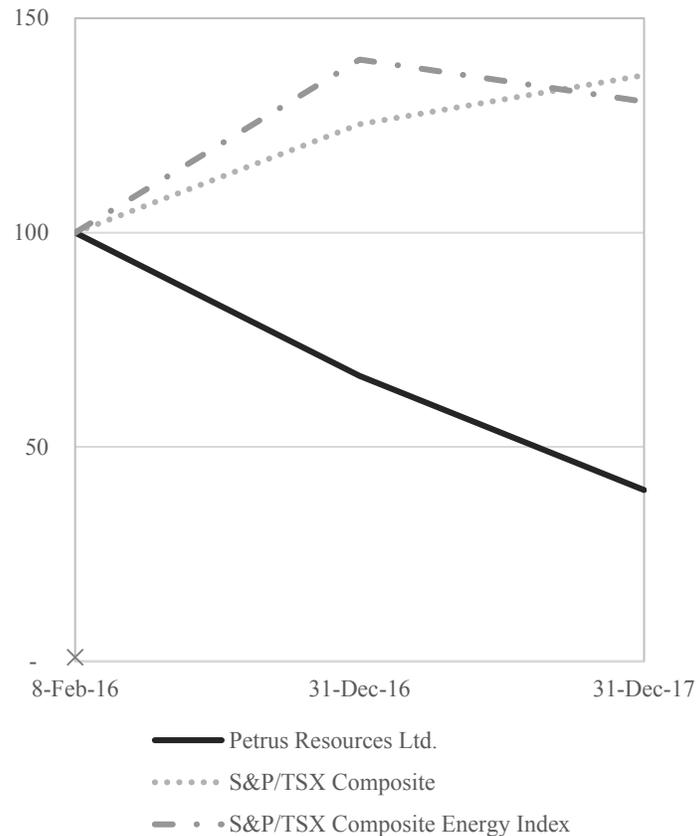
The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

## 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 Board and Compensation Committee 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 Graph

The following graph illustrates the Corporation's cumulative shareholder return since the date the Common Shares were listed on the TSX, as measured by the closing price of the Common Shares from February 8, 2016, the date of initial listing of the Common Shares, to the end of each financial year, assuming an initial investment of \$100.00 compared to the S&P/TSX Composite Index and the S&P TSX Composite Index Energy.



	<b>Feb. 6, 2016</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2017</b>
Petrus Resources Ltd.	100	67	40
S&P/TSX Composite Index	100	125	137
S&P/TSX Composite Index Energy (Sector)	100	140	131

### Summary Compensation Table

The following table sets forth for the years ended December 31, 2017, 2016 and 2015, as applicable, information concerning the compensation paid to Named Executive Officers.

Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$) <sup>(5)</sup>	All other compensation <sup>(6)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(4)</sup>	Long-term incentive plans <sup>(4)</sup>			
<b>Neil Korchinski</b> <sup>(7)</sup> President and Chief Executive Officer	2017	275,000	N/A	255,936	52,800	N/A	N/A	Nil	587,736
	2016	209,400	N/A	92,022	264,000	N/A	N/A	Nil	565,422
	2015	213,525	N/A	Nil	Nil	N/A	N/A	Nil	213,525
<b>Cheree Stephenson</b> <sup>(8)</sup> Vice President, Finance and Chief Financial Officer	2017	240,000	N/A	179,328	36,960	N/A	N/A	Nil	456,288
	2016	197,600	N/A	64,827	198,000	N/A	N/A	Nil	460,427
	2015	204,750	N/A	Nil	Nil	N/A	N/A	Nil	204,750
<b>Marcus Schlegel</b> <sup>(10)</sup> Vice President, Engineering	2017	180,000	N/A	75,264	29,708	N/A	N/A	Nil	284,972
	2016	164,400	N/A	21,021	149,657	N/A	N/A	Nil	335,078
	2015	165,800	N/A	Nil	Nil	N/A	N/A	Nil	165,800
<b>Jamie Kuntz</b> <sup>(9)</sup> Manager Facilities and Pipelines	2017	180,000	N/A	66,240	24,757	N/A	N/A	Nil	270,997
	2016	154,000	N/A	16,200	132,760	N/A	N/A	Nil	302,960
	2015	160,875	N/A	Nil	Nil	N/A	N/A	Nil	160,875
<b>Ross Keilly</b> <sup>(11)</sup> Vice President, Exploration	2017	171,100	N/A	56,640	24,757	N/A	N/A	Nil	252,497
	2016	150,400	N/A	12,936	103,736	N/A	N/A	Nil	267,072
	2015	157,200	N/A	Nil	Nil	N/A	N/A	Nil	157,200

Notes:

- (1) Petrus had temporary 10% salary reductions in place during portions of 2015 and 2016 due to economic circumstances, which are reflected in the above amounts.
- (2) The Corporation has not issued any share-based awards to date to the NEOs.
- (3) Based on the grant date fair value of the applicable awards. The fair value of the Options granted to each NEO for the year ended December 31, 2017, estimated on the date of the grant, using the Black Scholes option pricing model with the following assumptions: dividend yield of zero percent, expected volatility of 61%, risk-free interest rate of 0.80% to 0.95%, and an expected life of 1.1 to 3.1 years, resulting in a value per Option of \$0.64. The fair value of the Options granted to each NEO for the year ended December 31, 2016, estimated on the date of the grant, using the Black Scholes option pricing model with the following assumptions: dividend yield of zero percent, expected volatility of 55%, risk-free interest rate of 0.67% to 0.73%, and an expected life of 1.1 to 3.1 years, resulting in a value per Option of \$0.49. No Options were granted to NEOs for the year ended December 31, 2015.

- (4) Non-equity annual incentive plans compensation relates to cash payments paid in the subsequent financial year under the Corporation's value based bonus plan with respect to the applicable year, as described earlier in this Information Circular. All of such payments relate only to a single financial year, and are therefore part of the Corporation's annual incentive plan. The Corporation does not have any non-equity long-term incentive plans.
- (5) The Corporation does not have a pension plan or similar benefit program.
- (6) 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.
- (7) Mr. Korchinski was appointed President and Chief Executive Officer on November 7, 2016, previously Mr. Korchinski was Vice President, Engineering and Chief Operating Officer of the Corporation since November 25, 2015.
- (8) Ms. Stephenson was appointed Vice President, Finance and Chief Financial Officer of Petrus on November 25, 2015.
- (9) Mr. Kuntz is employed as Manager Facilities and Pipelines. Mr. Kuntz commenced employment with Old Petrus on July 14, 2014.
- (10) Mr. Schlegel was appointed Vice President, Engineering on January 24, 2017. Mr. Schlegel commenced employment with Old Petrus on July 9, 2014.
- (11) Mr. Keilly was appointed Vice President, Exploration on January 24, 2017. Mr. Keilly commenced employment with Old Petrus on March 20, 2012.
- (12) The compensation listed in the above table for the years ended December 31, 2015 is in respect of compensation paid or granted to each of the Named Executive Officers for their positions at Old Petrus by Old Petrus. NEOs also employed by Petrus during the year ended December 31, 2015 did not receive salary or other compensation for such period.
- (13) Mr. Korchinski does not receive compensation for acting as a director.

## Incentive Plan Awards

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

The following table sets forth for each Named Executive Officer, all option based awards outstanding as at December 31, 2017. There are currently no share-based awards outstanding held by the Named Executive Officers.

Name	Year of grant	Option-based Awards			
		Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)
Neil Korchinski	2017	74,400 Options	2.33	November 21, 2020	Nil
	2017	90,000 Options	2.22	June 23, 2020	Nil
	2017	235,500 Options	2.25	March 18, 2020	Nil
	2016	125,200 Options	1.98	November 18, 2019	Nil
	<b>Total</b>	<b>525,100 Options</b>	-	-	<b>Nil</b>
Cheree Stephenson	2017	52,200 Options	2.33	November 21, 2020	Nil
	2017	63,000 Options	2.22	June 23, 2020	Nil
	2017	165,000 Options	2.25	March 18, 2020	Nil
	2016	132,300 Options	1.98	November 18, 2019	Nil
	<b>Total</b>	<b>412,500 Options</b>	-	-	<b>Nil</b>

<b>Marcus Schlegel</b>	2017	27,600 Options	2.33	November 21, 2020	Nil
	2017	27,900 Options	2.22	June 23, 2020	Nil
	2017	62,100 Options	2.25	March 18, 2020	Nil
	2016	28,600 Options	1.98	November 18, 2019	Nil
	<b>Total</b>	<b>146,200 Options</b>	-	-	<b>Nil</b>
<b>Jamie Kuntz</b>	2017	26,700 Options	2.33	November 21, 2020	Nil
	2017	27,000 Options	2.22	June 23, 2020	Nil
	2017	49,800 Options	2.25	March 18, 2020	Nil
	2016	22,040 Options	1.98	November 18, 2019	Nil
	<b>Total</b>	<b>125,540 Options</b>	-	-	<b>Nil</b>
<b>Ross Keilly</b>	2017	23,100 Options	2.33	November 21, 2020	Nil
	2017	23,400 Options	2.22	June 23, 2020	Nil
	2017	42,000 Options	2.25	March 18, 2020	Nil
	2016	17,600 Options	1.98	November 18, 2019	Nil
	<b>Total</b>	<b>106,100 Options</b>	-	-	<b>Nil</b>

Note:

- (1) The value of the Options is calculated based on the difference between the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 and the exercise price of the Options multiplied by the number of Options outstanding.

#### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The value of the option-based awards which vested during the year ended December 31, 2017 was nil and the value of non-equity incentive plan compensation under the Corporation's value based bonus plan earned during the year ended December 31, 2017 was \$168,982. There are currently no share-based awards outstanding held by the Named Executive Officers.

#### ***Pension Plan Benefits***

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

#### ***Employment Contracts, Termination and Change of Control Benefits***

The Corporation has entered into executive employment agreements (collectively, the "**Employment Agreements**") with each of the President and Chief Executive Officer (Neil Korchinski), Vice President, Finance and Chief Financial Officer (Cheree Stephenson), Vice President, Engineering (Marcus Schlegel) and Vice President, Exploration (Ross Keilly). The following is a brief summary of the Employment Agreements.

The Employment Agreements provide for employment of each individual with the Corporation for an indefinite term. Pursuant to the Employment Agreements, each of Mr. Korchinski, Ms. Stephenson, Mr. Schlegel and Mr. Keilly (each an "**Executive**") will be paid total compensation comprised of an annual base salary, participation in any employee benefits plan, vacation and cash bonuses and equity-based incentives at the discretion of the Board. The Board reviews each Executive's performance annually and may adjust the annual salary based on the performance review.

The Employment Agreements provide that an Executive may resign from his or her position by giving at least thirty (30) days advance notice of the same to the Corporation. The Corporation may terminate the employment of an Executive for just cause, with no notice, at any time, without any payment to an Executive with the exception of pro-

rata annual base salary earned, but not yet paid, up to and including the termination date, unpaid bonus, accrued vacation and reimbursable expenses.

The Corporation is entitled to immediately terminate the Employment Agreements and each Executive's employment with the Corporation at any time, and for any reason other than cause, by providing written notice of the termination date to the Executive, and the Corporation shall, subject to the Executive performing his or her obligations under the Employment Agreement, pay the following:

- (a) the pro rata annual base salary earned, but not yet paid, up to and including the termination date;
- (b) all vacation pay accrued and owing and expenses incurred and owing as of the termination date;
- (c) any declared but unpaid cash bonus; and
- (d) a retiring allowance equal to the total of: (i) one (1) times the Executive's annual base salary as at the termination date; (ii) an amount equal to fifteen percent (15%) of one (1) times the Executive's annual base salary as at the termination date, to compensate the Executive for the loss of employment benefits and perquisites; and (iii) an amount equal to one times the average of the cash equivalent of any bonuses paid to the Executive in the two (2) years prior to the termination date, or if the Executive has been employed for a lesser period, one (1) times the cash equivalent of any bonuses paid to the Executive prior to the termination date;

in each case, less any applicable withholdings.

The following table sets forth the estimated incremental payments (rounded to the nearest thousand dollars) that would be made to each of the NEOs assuming that a change of control of the Corporation or termination of employment for any reason other than cause occurred as of December 31, 2017.

Name and principal position	Severance multiple	Salary <sup>(1)</sup>	Benefits and Perquisites <sup>(1)</sup>	Non-equity Incentive Plan Compensation <sup>(1)</sup>	Total Incremental Payment <sup>(2)</sup>
<b>Neil Korchinski</b> President and Chief Executive Officer	1	\$275,000	\$41,250	\$158,400	\$474,650
<b>Cheree Stephenson</b> Vice President, Finance and Chief Financial Officer	1	\$240,000	\$36,000	\$117,480	\$393,480
<b>Marcus Schlegel</b> Vice President, Engineering	1	\$195,000	\$29,250	\$89,683	\$313,933
<b>Ross Keilly</b> Vice President, Exploration	1	\$185,000	\$27,750	\$64,247	\$276,997

Notes:

- (1) Calculated in accordance with the Employment Agreements, a retiring allowance equal to the total of: (i) one (1) times the Executive's annual base salary as at the termination date of such Executive's employment; (ii) an amount equal to fifteen percent (15%) of one (1) times the Executive's annual base salary as at the termination date of such Executive's employment to compensate the Executive for the loss of employment benefits and perquisites; (iii) an amount equal to one (1) times the average of the cash equivalent of any bonuses paid to the Executive in the two years prior to the termination date of such Executive's employment, or if the Executive has been employed for a lesser period, one times the cash equivalent of any bonuses paid to the Executive prior to the termination date of such Executive's employment.
- (2) Each of the Executives is also party to a non-competition agreement which provides that in the event that the Executive is terminated from his or her employment for reasons other than for cause, or the Executive resigns from his or her employment under certain circumstances, then the Corporation shall have the option to enforce a non-competition period on the Executive for twelve (12) months after the termination date in a certain defined area in exchange for one (1) times the Executive's annual salary in effect on the termination date, payable monthly in arrears. This table does not include such payment.

## Director Compensation

Directors are paid an annual fee and may be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the non-management directors are also eligible to participate in the Option Plan and DSU Plan.

Prior to August 9, 2017, non management directors, other than the Chairman, were each paid an annual fee of \$24,000 and the Chairman was paid an annual fee of \$45,000. The chair of the Audit Committee was paid an additional annual fee of \$7,000, while the chairs of the other committees were each paid an additional annual fee of \$4,000. All director fees are paid in cash on a bi annual basis. Effective August 9, 2017, based on the recommendation of the Compensation Committee following a review of the peer group data compiled by In4Med Solutions, director compensation was adjusted as described below. The fees were prorated for 2017.

- (a) non-management directors are entitled to a \$30,000 annual cash retainer fee and \$57,000 equity based incentive retainer fee;
- (b) the Chairman is entitled to a \$15,000 additional annual cash retainer fee;
- (c) the Chairman of the Audit Committee is entitled to a \$10,000 additional annual cash retainer fee;
- (d) the Chairman of the Reserves Committee is entitled to a \$6,000 additional annual cash retainer fee; and
- (e) the Chairman of the Compensation Committee is entitled to a \$6,000 additional annual cash retainer fee.

### *DSU Plan*

On October 17, 2017, Petrus adopted the DSU Plan. The DSU Plan authorizes the Board to grant DSUs to directors of Petrus. The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long-term success of the Corporation and promoting a greater alignment of interests between the directors and Shareholders. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board.

A DSU is a unit of participation in the DSU Plan, equivalent in value to a Common Share at the time of grant, and credited by means of a bookkeeping entry to a director's account. Directors are expected to receive an annual grant of DSUs under the DSU Plan, which is administered by the Board. Unless otherwise provided at the time of grant, DSUs will be fully vested upon being credited to a director's DSU account.

When a director ceases to be a director, the director will be entitled to request redemption of the DSUs following which the value of the redeemed DSUs will be paid to the director. The value of the DSUs on any particular date will be calculated by multiplying the number of DSUs in the director's DSU account by the then "Fair Market Value" of the Common Shares. If a dividend is paid on the Common Shares, each director's DSU account will be allocated additional DSUs equal in value to the amount that is equal to the quotient of the dividends that would have been paid to such director if the DSUs recorded in such director's DSU account as at the record date for the cash dividend had been Common Shares divided by the "Fair Market Value" on the date on which the dividends are paid on the Common Shares.

All DSUs will be redeemed at the option of the director (or, if the director has died, at the option of his or her estate) for: (i) Common Shares in a number equal to the number of DSUs redeemed; (ii) a cash amount equal to the Fair Market Value of such Common Shares represented by the DSUs; or (iii) any combination thereof, on the redemption date specified by the director following their resignation or death (the "**Redemption Date**") (provided Shareholders approve the DSU Plan at the Meeting). Petrus is required to pay the director based on his or her above election as soon as practicable after the director's Redemption Date, provided that in any event such payment date shall be no later than

December 15 of the first calendar year commencing after the date the director ceases to be a member of the Board (the "**Expiry Date**").

The maximum number of Common Shares that can be issued pursuant to the DSU Plan is limited to the lesser of: (i) 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time; and (ii) 10% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time, less the aggregate number of Common Shares reserved for issuance under all other share-based compensation arrangements of Petrus. The DSUs are not transferrable or assignable other than in the case of death of the holder or by operation of law.

In addition to the foregoing, the maximum number of Common Shares: (i) issued from treasury of Petrus to Insiders (as defined in the *Securities Act* (Ontario), within any one year period; and (ii) issuable from treasury of Petrus to Insiders, at any time, under the DSU Plan, or when combined with all other share-based compensation arrangements of Petrus, is limited to 10% of the number of issued and outstanding Common Shares (on a non-diluted basis). The maximum value of DSUs that may be granted to any one director in any calendar year may not exceed \$150,000.

The DSU Plan and any DSUs granted pursuant to the DSU Plan may be amended, modified or terminated by the Board without approval of the Shareholders subject to any required approval of the TSX. Notwithstanding the foregoing, the DSU Plan may not be amended without the approval of the Shareholders to:

- (i) make any amendment to the DSU Plan to increase the number of Common Shares issuable pursuant to the DSU Plan;
- (ii) extend the Expiry Date of any outstanding DSUs; or
- (iii) make any amendment to the DSU Plan that would permit a holder to transfer or assign DSUs to a new beneficial holder other than in the case of death of the holder or by operation of law.

In addition, no amendment to the DSU Plan or DSUs granted pursuant to the DSU Plan may be made without the consent of a director who holds outstanding DSUs, if it adversely alters or impairs the rights of such director in respect of any DSUs previously granted to such director under the DSU Plan.

To date an aggregate of 130,038 DSUs have been issued under the DSU Plan. All outstanding DSUs were granted to non-employee directors. Until such time as Shareholders approve the DSU Plan, if ever, all DSUs granted under the plan are redeemable only for cash. In addition, to enable the previously issued DSUs to be redeemed for Common Shares, Shareholders must ratify the grants of such DSUs.

The actual amounts paid to directors of Petrus during the year ended December 31, 2017, were as follows:

Name	Fees Earned	Share-based awards (\$) <sup>(1)</sup>	Option based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$) <sup>(3)</sup>	Pension value (\$)	All other compensation (\$)	Total (\$)
Patrick Arnell	\$31,130	\$42,262	Nil	Nil	N/A	Nil	\$73,392
Donald Cormack	\$34,522	\$42,262	Nil	Nil	N/A	Nil	\$76,784
Don Gray	\$49,783	\$42,262	Nil	Nil	N/A	Nil	\$92,045
Brian Minnehan	\$26,348	\$42,262	Nil	Nil	N/A	Nil	\$68,610
Peter Verburg <sup>(4)</sup>	\$11,452	Nil	N/A	Nil	N/A	Nil	\$11,452
Jeffrey Zlotky	\$26,348	\$42,262	Nil	Nil	N/A	Nil	\$68,610
Stephen White	\$25,130	\$42,262	Nil	N/A	N/A	N/A	\$67,392

Notes:

- (1) The value of the DSUs is based on the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 multiplied by the number of DSUs outstanding. If the DSU Plan and the ratification of previous grants thereunder is not approved at the Meeting, all DSUs will be settled in cash.
- (2) The value of the Options is calculated based on the difference between the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 and the exercise price of the Options multiplied by the number of Options outstanding.
- (3) The Corporation does not have any non-equity incentive plans for its non-management directors.
- (4) Mr. Verburg ceased to be a director effective May 18, 2017. Prior to such date, an entity that is controlled or directed by Mr. Verburg provided consulting services to the Corporation, primarily in the areas of finance and business development. During the year ended December 31, 2017, that entity received consulting fees in the amount of \$Nil.

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

The following table sets forth, for each of Petrus' directors, all option-based awards and share-based awards outstanding as at December 31, 2017.

		Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(3)</sup>		
Name	Year of Grant	Number of Common Shares underlying unexercised Options (#)	Option exercise price <sup>(2)</sup> (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Patrick Arnell	2017	5,400 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	12,000 Options	2.25	March 18, 2020	Nil			
	2016	6,340 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>23,740 Options</b>	-	-	<b>Nil</b>			

<b>Donald Cormack</b>	2017	5,400 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	12,000 Options	2.25	March 18, 2020	Nil			
	2016	6,340 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>23,740 Options</b>	-	-	<b>Nil</b>			
<b>Don Gray</b>	2017	7,200 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	18,000 Options	2.25	March 18, 2020	Nil			
	2016	9,600 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>34,800 Options</b>	-	-	<b>Nil</b>			
<b>Brian Minnehan<sup>(3)</sup></b>	2017	5,400 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	12,000 Options	2.25	March 18, 2020	Nil			
	2016	6,340 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>23,740 Options</b>	-	-	<b>Nil</b>			
<b>Jeffrey Zlotky<sup>(3)</sup></b>	2017	5,400 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	12,000 Options	2.25	March 18, 2020	Nil			
	2016	6,340 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>23,740 Options</b>	-	-	<b>Nil</b>			
<b>Stephen White</b>	2017	5,400 Options	2.22	June 23, 2020	Nil	21,673	42,262	Nil
	2017	12,000 Options	2.25	March 18, 2020	Nil			
	2016	6,340 Options	1.98	November 18, 2019	Nil			
	<b>Total</b>	<b>23,740 Options</b>	-	-	<b>Nil</b>			

Notes:

- (1) The value of the Options is calculated based on the difference between the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 and the exercise price of the Options multiplied by the number of Options outstanding.
- (2) The value of the DSUs is based on the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 multiplied by the number of DSUs outstanding.
- (3) The Options and DSU awards allocated to Messrs. Minnehan and Zlotky are held by NGP.

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

The following table sets forth for each of our directors, the value of option-based awards and share-based awards which vested during the year ended December 31, 2017 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2017.

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year<sup>(2)</sup> (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year<sup>(3)</sup> (\$)</b>
<b>Patrick Arnell</b>	Nil	42,262	N/A
<b>Donald Cormack</b>	Nil	42,262	N/A
<b>Don Gray</b>	Nil	42,262	N/A
<b>Brian Minnehan</b>	Nil	42,262	N/A
<b>Peter Verburg<sup>(4)</sup></b>	Nil	Nil	N/A
<b>Jeffrey Zlotky</b>	Nil	42,262	N/A
<b>Stephen White</b>	Nil	42,262	N/A

Notes:

- (1) The value of the Options is calculated based on the difference between the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 and the exercise price of the Options multiplied by the number of Options vested during the year.
- (2) The value of the DSUs is based on the the closing price of the Common Shares on the TSX on December 29, 2017 of \$1.95 multiplied by the number of DSUs outstanding.
- (3) The Corporation does not have any non-equity incentive plans for its non-management directors.
- (4) Mr. Verburg ceased to be a director effective May 18, 2017 and, as such, all incentive securities granted to Mr. Verburg expired prior to December 31, 2017.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES**

None of the directors, executive officers, employees or former executive officers, directors or employees of the Corporation or our subsidiaries, is or has been at any time since the beginning of our most recently completed financial year, indebted to us or any of our subsidiaries nor is any indebtedness still outstanding, nor, at any time since the beginning of our most recently completed financial year, has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of our subsidiaries.

**CORPORATE GOVERNANCE DISCLOSURE**

NI 58-101 requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular.

Set out below is a description of our current corporate governance practices.

**Board of Directors**

Our Board currently consists of seven (7) directors, six (6) of whom are independent within the meaning of NI 58-101. A director is considered to be independent of an issuer under applicable Canadian securities laws if the director is free of any relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably

expected to interfere with the exercise of the director's independent judgment. Certain directors, such as current or former employees or officers of the issuer, are deemed not to be independent of the issuer.

The following directors are independent within the meaning of NI 58-101: Brian Minnehan, Donald Cormack, Don Gray, Patrick Arnell, Jeffrey Zlotky and Stephen White. Brian Minnehan and Jeffrey Zlotky may not be considered independent for the purposes of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") as Mr. Minnehan is a Partner of NGP and Mr. Zlotky is the General Counsel of NGP Energy Capital Management, L.L.C., which holds greater than 10% of the Common Shares, and thus they may each be considered to be an "affiliated entity" of Petrus (within the meaning of NI 52-110). However, for each of Mr. Minnehan and Mr. Zlotky, the Board does not consider such relationship to be a material relationship which could reasonably be expected to interfere with the exercise of such director's independent judgment, for the purposes of NI 58-101, and therefore consider them to be independent for such purpose.

Neil Korchinski is not an independent director as he is the President and Chief Executive Officer of the Corporation.

For additional information about our directors, please see "*Matters to be Acted Upon at the Meeting – Election of Directors*".

The Board facilitates its exercise of independent supervision over management by endeavoring for at least 50% of the directors to qualify as independent directors pursuant to NI 58-101 and by establishing committees, which are comprised of all independent members. In order to ensure that the Board acts independently, the Chairman of the Board as well as all committees of the Board are independent within the meaning of NI 58-101. Independent directors hold in-camera sessions at the majority of Board meetings at which non-independent directors and members of management are not in attendance. Since January 1, 2017, in-camera sessions were held during all Compensation Committee meetings, Reserve Committee meetings and Audit Committee meetings and 5 of 9 Board of Directors meetings.

### **Position Descriptions**

The Board has developed written position descriptions for the Chief Executive Officer, the Chairman of the Board as well as each chair of the committees of the Board.

### **Directorships**

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

<b>Name</b>	<b>Other Reporting Issuers</b>
Don Gray	Gear Energy Ltd. Peyto Exploration & Development Corp.

### **Board and Committee Meetings and Meeting Attendance**

The Board maintains three standing committees: the Audit Committee, the Reserves Committee and the Compensation Committee. The members of the Audit Committee are Messrs. Cormack (Chair), Arnell and White. The members of the Reserves Committee are Messrs. Arnell (Chair), Gray and Minnehan. The members of the Compensation Committee are Messrs. Gray (Chair), Arnell, Cormack and Minnehan. The following is a summary of attendance of the directors at meetings of our Board and its committees since January 1, 2017.

<b>Director</b>	<b>Board</b>	<b>Audit</b>	<b>Reserves</b>	<b>Compensation</b>
Brian Minnehan	9/9	-	2/2	4/4
Patrick Arnell	9/9	5/5	2/2	4/4
Don Gray	9/9	-	2/2	4/4
Peter Verburg <sup>(1)</sup>	2/2	-	-	-
Jeffrey Zlotky	9/9	-	-	-
Donald Cormack	9/9	5/5	-	4/4
Stephen White	9/9	5/5	-	-
Neil Korchinski	9/9	-	-	-

Note:

- (1) Mr. Verburg ceased to be a director effective May 18, 2017. Represents his attendance prior to such date for the year ended December 31, 2017.

### **Board Mandate**

The text of the mandate of the Board is attached hereto as Schedule "A".

### **Orientation and Continuing Education**

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

### **Ethical Business Conduct**

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") applicable to our directors, officers and employees. A copy of the Code is available for review on Petrus' profile on SEDAR at ([www.sedar.com](http://www.sedar.com)) and on its website at [www.petrusresources.com](http://www.petrusresources.com). All employees and consultants are provided with a copy of the Code on commencement of service/employment and are required to confirm in writing that they have read and understand the Code and acknowledge his or her agreement to abide by the Code. Annual reminders that compliance with the Code is required are provided.

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

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

In addition to the Code, our Board has adopted a "Whistleblower Policy" wherein our employees are provided with the mechanics by which they may raise concerns in a confidential and anonymous process.

## **Nomination of Directors**

The Compensation Committee is comprised of Messrs. Arnell, Cormack, Gray and Minnehan, all of whom are independent directors within the meaning of NI 58-101. New candidates will be identified by the Compensation Committee having regard to: (i) the competence and skills that the Compensation Committee considers to be necessary for our Board, as a whole, to possess; (ii) the competence and skills that the Compensation Committee considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. The Compensation Committee has been formed to review, on a periodic basis, the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, analyzes the needs of the Board and recommends nominees who meet such needs.

The Board has adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the Shareholders, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of Shareholders at which the director was elected. Upon receiving such offer of resignation, the Compensation Committee will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Compensation Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days of such meeting of Shareholders. The decision of the Board will be announced by way of a press release, which, if the Board has decided to reject such resignation, the reasons for rejecting the resignation.

In addition, the Corporation's by-laws include "advance notice provisions" designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all Shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide Shareholders, directors and management of the Corporation with a clear framework for nominating directors. In particular, these provisions of the by-laws fix a deadline (being not less than 30 days before the date of an annual meeting of Shareholders and, in the case of a special meeting, the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made) by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders, and also set forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders. The Corporation's by-laws are available on Petrus' profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on its website at [www.petrusresources.com](http://www.petrusresources.com).

## **Audit Committee**

The Audit Committee is comprised of Messrs. Cormack (Chair), Arnell and White, all of whom are independent and financially literate within the meaning of such terms under NI 52-110. The specific responsibilities of the Audit Committee are set out in the Audit Committee Mandate, a copy of which is attached as Schedule "A" to the AIF which is available on Petrus' profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Audit Committee's primary role is to: (i) assist the Board to meet its responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters; (ii) provide better communication between directors and external auditors; (iii) assist the Board's oversight of the auditors' qualifications and independence; (iv) assist the Board's oversight of the credibility, integrity and objectivity of the financial reports; (v) strengthen the role of the outside directors by facilitating discussions between directors on the Audit Committee, management and external auditors; (vi) assist the Board's oversight of the Corporation's compliance with legal and regulatory requirements; and (vii) review the risks that may affect the Corporation and the risk management policies and procedures of the Corporation.

Petrus believes that each of the members of the Audit Committee possesses substantially all of the following: (i) an understanding of the accounting principles used by Petrus to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and

level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Petrus' financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, see "*Election of Directors*" in this Information Circular.

### **Compensation Committee**

The Compensation Committee, comprised entirely of independent directors within the meaning of NI 58-101, is involved in the implementation and oversight of the human resources and compensation policies recommended by such committee, specifically those concerning executive compensation, employment agreements, stock option plans, performance warrants, incentive plans and those concerning proposed changes involving officers reporting to the President and Chief Executive Officer. For further information, see "*Statement of Executive Compensation - Compensation Governance*" in this Information Circular.

### **Other Board Committees**

The Corporation has one committee of the Board in addition to the Audit Committee and the Compensation Committee namely, the Reserves Committee.

The function of the Reserves Committee is to review the results of independent engineering appraisals of the Corporation's oil and natural gas reserves. The Reserve Committee's responsibilities include ensuring that the Corporation's reserves are assessed in a reasonable and consistent manner to provide a satisfactory level of confidence for all stakeholders and the public and ensuring that the disclosure relating to the same is accurate and timely.

### **Assessments**

The Compensation Committee performs an annual assessment of the Board as a whole, the committees of the Board and of the contributions of individual directors, including consideration of the appropriate size of the Board. In 2017, the Compensation Committee considered the effectiveness of the Board as a whole, the committees of the Board, the contributions of individual directors and considered the appropriate size of the Board. As result of the Compensation Committee's review, certain changes were recommended and implemented at Petrus' 2017 annual general meeting of Shareholders. The Compensation Committee plans to perform its next review in May 2018. The Compensation Committee will summarize the results of the assessment, which in turn will be presented to the Board as a whole and the Chairman. The Board will then communicate the results of the Compensation Committee's review to each committee Chairman.

### **Director Term Limits**

In light of Petrus' stage of development and the recent appointment of all members of the Board, the Board has not adopted term limits for its directors or any other formal mechanism of Board renewal at this time. The Board does however have formal means of reviewing the contributions of its directors to the effectiveness of the Board through annual director and committee evaluations, annual review of the skills and needs of the Board. Through these and other measures, the Board believes it can effectively monitor and evaluate its effectiveness and diversity while balancing the value of experience and continuity of its incumbent directors.

### **Representation of Women on the Board and in Executive Officer Roles**

Petrus currently has no (0%) female directors and one female executive officer (~20% of the executive officers). Petrus maintains an inclusive work environment that is focussed on providing advancement opportunities to persons of all genders, ethnicities, and orientations, based on merit.

The Board has not adopted a written policy relating to the identification and nomination of female directors nor does it have targets regarding the number of women on the Board. The Board believes that director nominations should be

made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time. Petrus is committed to a meritocracy and believes that considering the broadest group of individuals with the skills, knowledge, experience and character required to provide the leadership needed to achieve its business objectives is in the best interests of Petrus and its Shareholders, without reference to their age, gender, race, ethnicity or religion. While the Board recognizes the benefits of diversity at the Board level and in assessing candidates and selecting nominees for the Board, diversity will also be considered by the Compensation Committee, the Board will not compromise the principles of a meritocracy.

The Board does not specifically consider the level of female representation in executive officer positions when making such appointments nor does it have targets in respect of appointing women to these positions. Similar to the Board's approach in considering director nominations, in making appointments to executive officer positions, the Board considers each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of Petrus' executive officers as a whole. Petrus focuses on the identification, assessment and development of internal candidates to build leadership capability and strengthen overall succession and believes it is poised to ensure it has strong internal female candidates to drive both short and long-term performance. Petrus believes it is poised to ensure it has strong internal female candidates to drive both short-term and long-term performance. The Corporation's philosophy of development and promotion from within will strengthen its values and culture, aid in retention of talent and provide a diversity of options for succession.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect to securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2017.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding rights (a)</b>	<b>Weighted average exercise price of outstanding rights (b)</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Shareholders - Option Plan <sup>(1)</sup>	Options: 2,914,930	\$4.21	Options: 2,034,254
Equity compensation plans not approved by securityholders - DSU Plan <sup>(2)</sup> - RSU Plan <sup>(3)</sup>	DSUs: Nil RSUs: Nil	N/A	DSUs: Nil RSUs: Nil
<b>Total</b>	<b>2,914,930</b>	<b>\$4.21</b>	<b>2,034,254</b>

Notes:

- (1) On December 19, 2015, the Corporation adopted, and the Shareholders approved, the Option Plan. Under the Option Plan, the total number of Options that may be issued at any one time is equal to 10% of the total issued and outstanding Common Shares (calculated on a non-diluted basis) at the date of grant, less the aggregate number of Common Shares reserved for issuance to insiders under any other share-based compensation arrangement of the Corporation. See "*Long-Term Incentive Compensation – Option Plan*".
- (2) No Common Shares are issuable under the DSU Plan until such time as Shareholders approve the DSU Plan. If the DSU Plan is approved, the maximum number of Common Shares that can be issued pursuant to the DSU Plan will be limited to the lesser of: (i) 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time; and (ii) 10% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the relevant time, less the aggregate number of Common Shares reserved for issuance under all other share-based compensation arrangements of Petrus.
- (3) No Common Shares are issuable under the RSU Plan until such time as Shareholders approve the RSU Plan. If the RSU Plan is approved, the aggregate number of Common Shares reserved for issuance under the RSU Plan will be limited to 5% of the issued and outstanding Common Shares.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except for the Nomination Rights Agreement and the agreements forth under "Agreements with NGP" in the AIF which is available on Petrus' profile on SEDAR at [www.sedar.com](http://www.sedar.com), there were no material interests, direct or indirect,

of directors and officers of Petrus, any Shareholder who beneficially owns more than 10% of the Common Shares outstanding, or any known associate or affiliate of such persons in any transaction completed 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, Petrus. Brian Minnehan and Jeffrey Zlotky are current directors of Petrus and are principals of NGP.

Management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation or any proposed nominee as a director of the Corporation, or any associate or affiliate of any such person in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **BOARD APPROVAL**

The Board has approved the contents, and sending, of this Information Circular and the Notice of Annual and Special Meeting of Shareholders to the Shareholders.

### **ADDITIONAL INFORMATION**

Additional information relating to Petrus is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning Petrus is provided in our financial statements for the year ended December 31, 2017 and the accompanying management's discussion and analysis, which can be accessed under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

We will mail our annual financial statements and accompanying management's discussion and analysis to any Shareholder who requests them by: (i) contacting our transfer agent, Computershare Trust Company of Canada, at Suite 600, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 or by fax at (403) 267-6529 or online at [www.computershare.com/maillinglist](http://www.computershare.com/maillinglist); or (ii) contacting Petrus at Petrus Resources Ltd., Suite 2400, 240 - 4 Avenue SW, Calgary, Alberta T2P 4H4 or by fax at (403) 984-2717.

### **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders. 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 voting the proxy.

## SCHEDULE "A"

### MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Petrus Resources Ltd. ("**Petrus**" or the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibilities, each member of 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 Petrus. In general terms, the Board will endeavor to:

- (a) define the principal objective(s) of the Corporation based upon the recommendations of the Chief Executive Officer of the Corporation (the "**CEO**") and others deemed appropriate for such purpose;
- (b) monitor the management of the business and affairs of Petrus with the goal of achieving Petrus' principal objective(s) as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will endeavor to perform the following duties:

#### 1. Strategic Operating, Capital Plans and Financing Plans

- (a) require the CEO to present annually to the Board a strategic plan for Petrus' business, which plan must:
  - (i) be designed to achieve Petrus' principal objectives;
  - (ii) identify the principal strategic and operational opportunities and risk of Petrus' business; and
  - (iii) be approved by the Board as a pre-condition to the implementation of such plans.
- (b) review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- (c) review the principal risks of the Corporation's business identified by the CEO and review management's implementation of the appropriate systems to manage these risks;
- (d) approve the annual operating and capital budgets and plans and subsequent revisions thereof;
- (e) approve property acquisitions and dispositions in excess of \$500,000;
- (f) approve the establishment of credit facilities and borrowings;
- (g) approve issuances of securities;

#### 2. Monitoring and Acting

- (a) monitor Petrus' progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- (b) monitor overall human resource policies and procedures, including compensation and succession planning;

- (c) appoint the officers of the Corporation and, as required, determine the terms of the officers' employment with Petrus;
- (d) review the systems implemented by management and the Board which are designed to maintain or enhance the integrity of Petrus' internal control and management information systems;
- (e) monitor the "good corporate citizenship" of Petrus, including compliance by Petrus with all applicable environmental laws;
- (f) in consultation with the CEO, establish the ethical standards to be observed by all officers, employees and consultants of Petrus and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- (g) require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Petrus and its officers and employees;
- (h) approve all matters relating to a takeover bid of Petrus;

3. Compliance Reporting and Corporate Communications

- (a) review the procedures implemented by Management and the Board which are designed to ensure that the financial performance of Petrus is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- (b) recommend to shareholders of Petrus a firm of chartered accountants to be appointed as Petrus' auditors;
- (c) review the procedures designed and implemented by management and the independent auditors to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (d) review the procedures implemented by Management and the Board which are designed to ensure the timely reporting of any other developments that have a significant and material impact on the value of Petrus;
- (e) review, consider and where required, approve, disclosure required under National Instrument 51 101;
- (f) report annually to shareholders on the Board's stewardship for the preceding year with respect to the disclosure requirements set forth in National Instrument 51 102; and
- (g) where required, approve any policy designed to enable Petrus to communicate effectively with its shareholders and the public generally.

4. Governance

- (a) in consultation with the Chair of the Board, develop a position description for the Chair of the Board;
- (b) facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
  - (i) selecting nominees for election to the Board;
  - (ii) appointing a Chair of the Board who is not a member of management or, failing that, ensuring that an independent "lead director" is appointed;

- (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
- (iv) defining the mandate or terms of reference of each committee of the Board;
- (v) ensuring that processes are in place and are utilized to assess the effectiveness of the Chair of the Board, the Board as a whole, each committee of the Board and each director;
- (vi) establishing a system to enable any director to engage an outside adviser at the expense of Petrus; and
- (vii) review annually the adequacy and form of the compensation of directors.

5. Delegation and Composition

- (a) the Board may delegate its duties to and receive reports and recommendations from any committee of the Board.
- (b) a majority of Board members should be "independent" Directors as such term is defined in National Instrument 58-101;
- (c) on at least an annual basis, the Board shall conduct an analysis and make a positive affirmation as to the "independence" of a majority of its Board members; and
- (d) members should have or obtain sufficient knowledge of Petrus and the oil and gas business to assist in providing advice and counsel on relevant issues.

6. Meetings

- (a) the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;
- (b) minutes of each meeting shall be prepared by the Corporate Secretary of the Corporation;
- (c) the CEO may be present at all meetings of the Board subject to being excused from all in camera sessions of independent directors or where otherwise required for conflict or good governance purposes; and
- (d) Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

7. Reporting / Authority

- (a) following each meeting, the Corporate Secretary will promptly provide draft copies of the minutes of the meeting;
- (b) supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any director upon request to the CEO;
- (c) the Board shall have the authority to review any corporate report or material and to investigate activity of the Corporation and to request any employees to cooperate as requested by the Board; and
- (d) the Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Petrus.

8. Standards of Liability

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.