

**NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING  
OF THE SHAREHOLDERS  
TO BE HELD ON SEPTEMBER 22, 2023  
AND  
MANAGEMENT PROXY CIRCULAR  
OF  
SONORO ENERGY LTD.**

**August 11, 2023**

**SONORO ENERGY LTD.**

Suite 600, 520 – 5th Avenue SW

Calgary, Alberta, T2P 3R7

Telephone: (403) 262-3252

Notice of Annual Meeting of Shareholders  
to be held on September 22, 2023

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of the shareholders of **SONORO ENERGY LTD.** (the “**Company**”) will be held in Suite 600, 520-5<sup>th</sup> Avenue SW, Calgary, Alberta on September 22, 2023 at 10:00 a.m. Calgary time (the “**Meeting**”) for the following purposes:

1. to receive the Company’s audited financial statements for the financial year ended December 31, 2022 and the auditor’s report thereon; as well as the interim financial statements to the interim period ended June 30, 2023
2. to set the number of directors at four;
3. to elect directors for the ensuing year;
4. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors’ remuneration;
5. to approve the Company’s 15% rolling share option plan; and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed August 11, 2023 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment thereof.

A Management Proxy Circular, a form of proxy and certain other documents accompany this Notice. The Management Proxy Circular contains details of matters to be considered at the Meeting.

**A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder’s shares will be voted at the Meeting, is requested to complete, date and sign the enclosed form of proxy and deliver it by facsimile, by hand, by mail, or by internet in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.**

DATED at Calgary, Alberta, this August 11, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Richard Wadsworth ”*

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Richard Wadsworth

Chairman of the Board

**SONORO ENERGY LTD.**  
**Suite 600, 520 – 6<sup>th</sup> Avenue SW**  
**Calgary, Alberta, T2P 3R7**  
**Telephone: (403) 262-3252**

## **MANAGEMENT PROXY CIRCULAR**

**This management proxy circular (“Management Proxy Circular”) is furnished in connection with the solicitation of proxies by the management of Sonoro Energy Ltd. for use at the Annual General Meeting (the “Meeting”) of its shareholders to be held on September 22, 2023 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. Unless otherwise stated, this Management Proxy Circular contains information as at August 11, 2023**

In this Management Proxy Circular, references to “the Company”, “Sonoro” and “we” refer to Sonoro Energy Ltd. “Shares” means common shares without par value in the capital of the Company.

## **SOLICITATION OF PROXIES**

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited by directors, officers and regular employees of the Company personally or by telephone, or through electronic mail. All costs of this solicitation will be borne by the Company. We have arranged for intermediaries to forward the Meeting materials to beneficial owners of the Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

## **APPOINTMENT OF PROXYHOLDERS**

The individuals named in the accompanying form of proxy are the Chief Financial Officer and a Director of the Company. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the accompanying form of proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the accompanying form of proxy or by completing another suitable form of proxy.**

An appointment of a proxyholder or alternate proxyholder will not be valid unless a form of proxy making the appointment, signed by the Company’s transfer agent, the shareholder or by an attorney of the shareholder authorized in writing, is deposited with Computershare Trust Company:

- (a) by facsimile in North America at 1-866-249-7775 or outside North America at 1-416-263-9524;
- (b) by mail or by hand delivery at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1; or
- (c) by internet through the website of Computershare Trust Company at [www.investorvote.com](http://www.investorvote.com), registered Shareholders must follow the instructions that appear on the screen and refer to the form of proxy for the holder’s account number and the proxy access number,

and in each case must be received by Computershare Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or an adjournment thereof, at which the form of proxy is to be used.

## REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it:

- (a) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing:
  - (i) with Computershare Trust Company, not more than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or an adjournment thereof, at which the form of proxy is to be used;
  - (ii) at the registered office of the Company at Suite 600, 520-5 Ave SW, Calgary, Alberta T2P 3R7, any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the form of proxy is to be used; or
  - (iii) with the Chairman of the Meeting on the day of the Meeting or an adjournment thereof; or
- (b) in any other manner provided by law.

The revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## EXERCISE OF DISCRETION

- (a) The nominees named in the accompanying form of proxy will vote or withhold from voting the Shares represented thereby in accordance with the instructions of the shareholder. The form of proxy will confer discretionary authority on the nominees named therein with respect to:
- (b) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of auditors and the election of directors;
- (c) any amendment to or variation of any matter identified therein; and
- (d) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the form of proxy, the nominees named in the accompanying form of proxy will vote the Shares represented by the form of proxy at their own discretion.**

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Company or the persons they appoint as their proxy holders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders ("**Non-Registered Shareholders**") because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, this Management Proxy Circular, the form of proxy and other materials, if any (collectively, the



“**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will be given either:

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, a voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, a voting instruction form will consist of a regular form of proxy accompanied by a page of instructions which contains a removable label with a bar code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the form of proxy. In this case, the Non-Registered Shareholder who wishes to submit a form of proxy should properly complete the form of proxy and deposit it with the Company, c/o Computershare Trust Company at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, ON, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

Pursuant to the Articles of the Company, a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the Shares entitled to be voted at the Meeting.

Under the Alberta *Business Corporations Act*, the Company’s governing corporate law statute, a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

Shareholders will be asked to appoint auditors for the ensuing year. If there are more nominees for auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be appointed until all such vacancies have been filled. If the number of nominees for appointment is equal to the number of vacancies to be filled, all such nominees will be declared appointed by acclamation.

Shareholders will be asked to elect directors for the ensuing year. As reflected in the enclosed form of proxy and voting instruction form, shareholders may vote for all of the proposed directors of the Company, vote for some and withhold for others, or withhold for all of the proposed directors of the Company.

At the Meeting, shareholders will also be asked to consider and if thought advisable, pass an ordinary resolution approving the Company's 15% rolling share option plan (the "**Plan**") as more particularly described in this Management Proxy Circular under "Particulars of Matters to Be Acted Upon".

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

Except with respect to the election of directors, the Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company or is a proposed nominee for election as a director of the Company (or an associate or affiliate of such director, director nominee or executive officer) at any time since the beginning of the Company's last financial year in any matter to be acted upon at the Meeting other than as explicitly stated in this Management Proxy Circular.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company has an authorized capital consisting of an unlimited number of Shares.

As of August 11, 2023 the Company had outstanding 157,943,815 fully paid and non-assessable Shares, each carrying the right to one vote.

A holder of record of one or more Shares on the securities register of the Company at the close of business on August 11, 2023 (the "**Record Date**"), who either attends the Meeting personally or deposits a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have such Shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such Shares after the Record Date; and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred Shares and makes a demand to Computershare Trust Company no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the Company's directors and executive officers, as at August 11, 2023 no person or company beneficially owned, directly or indirectly, or exercised control or direction over, shares carrying more than 10% of the voting rights attached to the outstanding shares,

### **BOARD COMMITTEES**

The board of directors of the Company (the "**Board of Directors**" or the "**Board**") has an Audit Committee, a Compensation and Benefits Committee, a Nominating and Corporate Governance Committee and a Reserves Committee.

### ***Audit Committee***

The mandate of the Audit Committee is to oversee the Company's financial reporting obligations, systems and disclosure, including monitoring the integrity of the Company's financial statements, monitoring the independence and performance of the Company's external auditors and acting as a liaison between the Board of Directors and the Company's auditors. The activities of the Audit Committee typically include reviewing interim financial statements and annual financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Company's auditors. The Audit Committee communicates directly with the Company's external auditors in order to discuss audit and related matters whenever appropriate.

The members of the Audit Committee are, Richard Wadsworth, Henry Legarre and Sara Akbar. Information concerning the Audit Committee in accordance with form 52-110F2 of National Instrument 52-110 "Audit Committees", is set out in Schedule A to this Management Proxy Circular.

### ***Compensation and Benefits Committee***

The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of senior management and the directors with the goal that such compensation reflects reflecting the responsibilities and risks of such positions, to administer the Plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

The members of the Compensation and Benefits Committee are Sara Akbar, Richard Wadsworth and Henry Legarre.

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors with respect to developments in the area of corporate governance and the practices of the Board of Directors. The Nominating and Corporate Governance Committee has expressly assumed responsibility for developing the Company's approach to governance issues. The Nominating and Corporate Governance Committee is also responsible for reporting to the Board of Directors with respect to appropriate candidates for nomination to the Board of Directors, and for overseeing the execution of an assessment process appropriate for the Board of Directors and its committees to evaluate the performance and effectiveness.

The Nominating and Corporate Governance Committee consists of Sara Akbar, Richard Wadsworth and Dean Callaway

### ***Reserves Committee***

The Reserves Committee is responsible for reviewing the Company's reserves filings.

The Reserves Committee consists of Richard Wadsworth and Henry Legarre and Sara Akbar.

## **STATEMENT OF CORPORATE GOVERNANCE**

National Instrument 58-101 "Disclosure of Corporate Governance Practices" ("NI 58-101") requires the Company to disclose its corporate governance practices with reference to corporate governance practices outlined in National Policy 58-201 "Corporate Governance Guidelines" that the Canadian Securities

Administrators believe reflect a “best practices” standard to which they encourage Canadian public companies to adhere.

The Board is committed to sound corporate governance practices which are in the interest of the Company’s shareholders and also contribute to effective and efficient decision making. Attached as Schedule B to this Management Proxy Circular is a description of certain corporate governance practices of the Company in accordance with Form 58-101F2 of NI 58-101.

### **STATEMENT OF EXECUTIVE COMPENSATION**

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of each person who served as the Company’s Chief Executive Officer, Chief Operating Officer or Chief Financial Officer during the 2022 year, and each of the Company’s three most highly compensated executive officers whose annual aggregate compensation for the 2022 fiscal year exceeded \$150,000 (collectively, the “**Named Executive Officers**” or “**NEOs**”).

Bill Marpe, General Manager Indonesia and Dean Callaway, Chief Financial Officer are each “Named Executive Officers” of the Company for the purposes of the following disclosure.

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

The NEOs and directors are, under the terms of the Company’s Corporate Disclosure, Confidentiality and Securities Trading Policy, prohibited from engaging in short term or speculative transactions involving the Company’s securities, including short sales or transactions involving derivatives in securities of the Company.

The process for determining executive compensation relies solely on Board discussions with input from and upon the recommendations of the Compensation and Benefits Committee, without any formal objectives criteria and analysis.

<b>Compensation Element</b>	<b>Description</b>	<b>Compensation Objectives</b>
<b>Annual Base Salary</b>	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
<b>Consulting Fees</b>	Market-competitive amounts, paid on an hourly basis	Retain qualified leaders, motivate strong business performance
<b>Incentive Bonuses</b>	Cash payment to add variable component to compensation	Based on corporate and individual performances of key personnel
<b>Incentive Share Option</b>	Equity grants are made in the form of share options. The amount of grant will be dependent on level of seniority, and individual and corporate performance	Retain qualified leaders, motivate strong business performance

### ***Summary Compensation Table***

The following executive compensation disclosure is provided for the years ended December 31, 2022 and 2021 in respect of the Named Executive Officers and the directors:

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>All other compensation (\$)</b>	<b>Total compensation (\$)</b>
Richard Wadsworth, Director <sup>(1)</sup>	2022	NIL		NIL			NIL
	2021	NIL		3,000			\$3,000
Dean Callaway Chief Financial Officer, Director <sup>(2)</sup>	2022	NIL		NIL			NIL
	2021	\$15,000		NIL			\$15,000
William James Marpe Director <sup>(4)</sup>	2022	NIL		NIL			NIL
	2021	\$15,000		NIL			\$15,000
David Kirk <sup>(5)</sup>	2022	NIL		NIL			NIL
	2021	NIL		NIL			NIL

Notes:

- (1) Richard Wadsworth was appointed as President and CEO of the Company on September 1, 2009. Mr. Wadsworth resigned from his position as CEO of the Company on September 10, 2018. Mr Wadsworth was appointed interim Non-Executive Chairman on March 9, 2021
- (2) Dean Callaway was appointed Chief Financial Officer of the Company on July 1, 2017. Mr. Callaway provides Services to the Company through his consulting c company Chinchero Inc.. Mr. Callaway was appointed to the Board of Directors on September 10, 2018
- (3) Non-executive directors were compensated at \$1,000 for the first quarter of 2021. All amounts in 2021 were deferred and accrued. No compensation was accrued or deferred for 2022.
- (4) William James Marpe was appointed to the Board of Directors on June 20, 2016 and resigned on June 5, 2023
- (5) David Kirk was appointed Chief Executive Officer and President of the Corporation on March 15, 2021. Mr. Kirk resigned on December 6, 2022

### ***Annual Base Salary***

Base salary for the CEO is determined by the Compensation and Benefits Committee and its recommendations aim to align executive remuneration with the reasonable remuneration paid by other reporting issuers of the same size, in the same industry and for which there is publically available information.

### ***Option Based Award***

An option based award is in the form of the grant of an incentive share option. The objective of the incentive share option is to further align the interests of the Company's directors and management with the Company's

long-term performance and the long-term interests of the Company’s shareholders. The Plan was initially approved by shareholders on June 29, 2010. The Board will seek shareholder approval by special resolution at the Meeting to approve the Plan .See “Particulars of Matters to be Acted Upon”. The number of Shares issuable on exercise of outstanding options issued under the Plan shall not exceed 15% of the Shares issued and outstanding at the date of grant. A copy of the Plan, including the proposed amendments, is attached as Schedule C to this Management Circular.

***Termination and Change of Control Benefit***

Mr. Callaway via his consulting company, Chinchero Inc. and Sonoro executed a service agreement as amended from time to time. The Chinchero Service Agreement may be terminated upon 30 days’ notice with no further severance or benefits. In the event of change of control, the Consultant shall be entitled to a lump sum of twelve (12) times the monthly Retainer Fee plus one month for each calendar year worked at Sonoro

***Outstanding share-based awards and option-based awards as at December 31, 2021 and 2022***

As of December 31, 2021 10,378,333 option-based awards were outstanding

As of December 31, 2022 9,183,333 option-based awards were outstanding

EQUITY COMPENSATION PLAN INFORMATION. 725,000 options were cancelled in 2021. 1,195,000 options were cancelled in 2022. The Plan is the only equity compensation plan the Company has in effect and is intended to further align the interests of the Company’s directors and management with the Company’s long-term performance and the long-term interests of the Company’s shareholders. The Company’s shareholders have approved the Plan and all amendments thereto. The following equity compensation plan information is as at December 31, 2021 and 2022:

**2021**

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights (CDNS)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<b>Equity compensation plans approved by security holders</b>	10,378,333	0.06	1,774,382
<b>Equity compensation plans not approved by shareholders</b>	Nil	Nil	Nil
<b>Total</b>	10,378,333	Nil	1,774,382

## 2022

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (CDNS)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	9,183,333	0.06	3,144,382
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
<b>Total</b>	9,183,333	Nil	3,144,382

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness, at no time during the Company's most recently completed financial year was any director, executive officer or senior officer of the Company, any proposed management nominee for election as a director of the Company or any associate or affiliate of any such director, executive or senior officer or proposed nominee indebted to the Company or any of its subsidiaries or to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management, no informed person of the Company, no proposed director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2021 and 2022.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### *Presentation of Financial Statements*

At the Meeting, the Company will present to shareholders the consolidated financial statements of the Company for the year ended December 31, 2021 and 2022 and the auditors' report thereon as well as the interim financial statements for the interim period ended June 30, 2023

#### *Election of Directors*

The size of the Board of Directors is currently set at four.

The term of office of each of the current directors will end immediately prior the election or appointment of directors at the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the

applicable corporate statute, each director elected will hold office until the next annual general meeting of the Company or, if no director is then elected, until a successor is elected.

The following table provides information on the nominees proposed for election to the Board of Directors. Included in this table is information relating to each nominee's committee memberships, equity ownership, principal occupation, business or employment for the last five years and the period of time during which each has been a director of the Company. This information is as at August 11, 2023.

Management's nominees for election as directors are as follows:

<b>Name, Current Position with the Company and Residence</b>	<b>Period as a Director of the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Shares Beneficially Owned or Controlled<sup>(2)</sup></b>
<b>Richard Wadsworth</b> <sup>(1)(2)(3)(4)</sup> , Director, Dubai UAE	Since June 24, 2009	CEO and Director of the Company from June 2009 to September 11, 2018	3,076,335
<b>Dean Callaway</b> <sup>(3)</sup> , CFO and Director Alberta Canada	Since September 10, 2018	CFO of the Company since July 1, 2017	5,753,332
<b>Sara Akbar</b> <sup>(1)(2)(3)(4)</sup> , Director Kuwait, Kuwait	Since June 21, 2023	Chairman and CEO of Oil Serv Kuwait	6,666,666
<b>Henry Legarre</b> <sup>(1)(2)(4)</sup> , Director California, USA	Since June 21, 2023	Executive Trinidad Reservoir Services Inc.	1,333,333

Notes:

- (1) Indicates members of the Audit Committee.
- (2) Indicates members of the Compensation and Benefits Committee.
- (3) Indicates members of the Nominating and Corporate Governance Committee.
- (4) Indicates members of the Reserves Committee.

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Management Proxy Circular, or has been, within 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity:
  - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or



- (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### ***Appointment of Auditor***

Management proposes to nominate Crowe Mackay LLP for appointment as the Company's auditor to hold office until the next annual general meeting of shareholders, at a remuneration to be fixed by the directors.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

Crowe MacKay LLP be appointed as auditor of the Company for the financial year ending December 31, 2023 at such remuneration as shall be fixed by the Board of Directors of the Company.”

### ***Approval of the Plan***

Pursuant to TSXV policies, amendments to the Plan require annual shareholder approval at a meeting of the shareholders. Accordingly, the Board will seek shareholder approval by ordinary resolution to approve the Plan, for continuation until the next annual general meeting of the Company.

The Plan was established to recognize contributions made by, and create incentives for, the Company's directors, officers, employees and other service providers by allowing the Board of Directors to grant options to acquire Shares to such persons who are, in the opinion of the Board of Directors, in a position to advance the interests of the Company. The following is a summary of the material terms of the Plan:

- (a) all options granted are non-assignable and non-transferable;
- (b) options can be exercisable for a maximum of five years from the date of grant;
- (c) options for directors, employees and consultants are vested over a two year period, with one-third vesting immediately on grant, one-third after one year and the final one-third after two years;
- (d) no Optionee can be granted an option or options to purchase more than 5% of the outstanding listed shares of the Company in a one year period;
- (e) for stock options granted to employees or service providers (inclusive of management company employees), the Company must ensure that the proposed Optionee is a bona fide employee or service provider (inclusive of a management company employee), as the case may be, of the Company or of any of its subsidiaries;
- (f) options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date Optionee ceases to be in that role;

- (g) no more than 2% of the issued shares of the Company may be granted to any one Consultant in any 12 month period;
- (h) no more than an aggregate of 2% of the issued shares of the Company may be granted to Employees conducting Investor Relations Activities, in any 12 month period;
- (i) the Optionee's heirs or administrators can exercise any portion of the outstanding option, the period in which they can do so must not exceed one year from the Optionee's death; and
- (j) disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.

The Company is of the view that the Plan, will provide the Company with an effective incentive to attract and maintain the services of senior executives and other employees. In particular, as the Company continues to grow its business, it anticipates that option grants will continue to be a critical tool for the Company to be able to identify and retain key personnel. Accordingly, the Company is seeking shareholder approval at the Meeting to approve the Plan. A full copy of the Plan will be available for inspection at the Meeting. The Board of Directors recommends that you vote in favour of the resolution to approve the Plan as amended.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

The Company's rolling share option plan dated June 29, 2010 and as amended in 2018, be amended to increase the options available under the Plan to 15% and is ratified and approved for a further year or until the next annual general meeting of shareholders.”

### **MANAGEMENT CONTRACTS**

Management functions of the Company are not performed by a person or persons other than the directors or senior officers of the Company.

### **ADDITIONAL INFORMATION**

The Company will provide to any person or company, upon request, one copy of any of the following documents:

- (a) the comparative financial statements of the Company filed with the applicable securities regulatory authorities for the Company's most recently completed financial year in respect for which such financial statements have been issued, together with the report of the auditor, related management's discussion and analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent the filing of the annual financial statements; and
- (b) the Management Proxy Circular of the Company filed with applicable securities regulatory authorities in respect of the most recent annual meeting of shareholders of the Company which involved the election of directors.

Copies of the above documents will be provided, upon request to Anne Mastrup Corporate Administrator, Suite 600, 520 – 5<sup>th</sup> Avenue SW, Calgary, AB, T2P 3R7 by mail, telephone (403-262-3252) or via email (information@sonoroenergy.com) free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who

requests a copy of any such document. The foregoing documents are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **OTHER MATTERS**

The directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Management Proxy Circular.

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board of Directors.

DATED at Calgary, Alberta as August 11, 2023.

#### **BY ORDER OF THE BOARD**

*“Richard Wadsworth ”*

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Richard Wadsworth , Chairman of the Board

## SCHEDULE A

### AUDIT COMMITTEE MATTERS

#### 1. *The Audit Committee's Charter*

The objective of the Audit Committee is to maintain the integrity of the internal control and management information systems of the Sonoro Energy Ltd. (the “**Company**”).

The Audit Committee shall consist of two or more directors of the Company, and shall satisfy the laws governing the Company and the independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange rules and any other regulatory requirements applicable to the Company.

The Audit Committee is responsible for:

- (a) reviewing the Company's annual financial statements and making recommendations as to approval of such statements by the board of directors;
- (b) approving the quarterly financial statements of the Company before publication;
- (c) establishing the independence of the external auditor; and
- (d) overseeing management reporting on internal control (while it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so).

The Audit Committee has direct and unrestricted access to the Company's external auditor and must meet annually with the external auditor in the absence of senior management to discuss the annual audit and the quality of the Company's accounting principles. The adequacy and effectiveness of the Company's internal control and management information systems are to be discussed at these meetings. Material issues related to the audit of the Company's internal control and management information systems should be discussed by the Audit Committee with the internal auditors as they arise.

#### 2. *Composition of the Audit Committee*

The Audit Committee consists of Richard Wadsworth, Henry Legarre and Sara Akbar. Sara Akbar is “financially literate” and “independent” as defined in National Instrument 52-110 (“**NI 52-110**”). Richard Wadsworth and Henry Legarre are both considered “financially literate” and qualify as members of the audit committee as defined under NI 52-110 subsection 3.6.

### 3. *Relevant Education and Experience*

Richard Wadsworth, Henry Legarre and Sara Akbar have over 30 years of international oil and gas experience and project appraisal, M&A and business development experience across Asia, Europe and Africa in upstream, midstream and downstream oil. All three are considered as financially literate based on their past experience.

### 4. *Audit Committee Oversight*

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

### 5. *Reliance on Certain Exemptions*

Other than as otherwise disclosed herein, at no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4 (*De Minimus Non-audit Services*) of NI 52-110 or an exemption granted under Part 8 of NI 52-110.

### 6. *Pre-Approval Policies and Procedures*

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has not adopted specific policies and procedures, and the engagement of the auditors for non-audit services will be determined on an ad hoc basis.

### 7. *External Auditor Service Fees (By Category)*

The aggregate fees billed or expected to be billed by the auditors for the fiscal years 2021 and 2022 are detailed below: [Anne: double check – is this accurate?]

	<b>2021</b>	<b>2022</b>
<b>Audit Fees<sup>(1)</sup></b>	32,500	\$36,487
<b>Audit Related Fees</b>	650	456
<b>Tax fees</b>	0	0
<b>All Other Fees</b>	0	0
<b>TOTAL</b>	<u>\$33,150</u>	<u>\$36,943</u>

Notes:

(1) Audit Fees consisted of professional services rendered by the auditors for the audit of the Company's annual financial statements as well as services provided in connection with regulatory filings.

### 8. *Exemption*

The Company is relying on the exemption in section 6.1 of NI 52-110, which exempts TSX Venture Exchange issuers from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

**SCHEDULE B**  
**FORM 58-101F2**  
**CORPORATE GOVERNANCE DISCLOSURE**  
**(Venture Issuers)**

**1. *Board of Directors***

At the date of this Management Proxy Circular, Richard Wadsworth is “independent” for the purposes of National Instrument 58-101 (“**NI 58-101**”). Mr. Dean Callaway Company Director and CFO is not independent for the purposes of NI 58-101.

**2. *Directorships***

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>
Richard Wadsworth	MCF Energy Ltd.

**3. *Orientation and Continuing Education***

New directors, as part of the orientation program, must meet with senior management to discuss the business of the Company and receive historical and current operating and financial information. New directors also receive a package that includes the Company’s Code of Business Conduct and Ethics (the “**Code**”), the Companion Booklet to the Code (covering foreign corrupt practices compliance), the Company’s Corporate Disclosure, Confidentiality and Securities Trading Policy and committee charters.

**4. *Ethical Business Conduct***

The Company has adopted a written code of business conduct and ethics for its directors, officers and employees. The Board of Directors is responsible for monitoring compliance with such code.

**5. *Nomination of Directors***

The Nominating and Corporate Governance Committee is responsible for the recruitment and evaluation of nominees to the Board of Directors, including management nominees.

The Board must determine, in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities should be sought in new board members in order to add value to the Company. The results of such a discussion will provide a framework for the Nominating and Corporate Governance Committee in identifying and proposing to the Board new nominees.

The Nominating and Corporate Governance Committee is responsible for ensuring that the prospective candidates for new directors understand the role of the Board, the role of the committees of the Board and the contribution individual directors are expected to make including, in particular, the commitment of time and energy that the Company expects of its directors.

**6. *Compensation***

The Board of Directors acts through its Compensation and Benefits Committee to review the adequacy and form of compensation of the directors and senior management and ensure that such compensation reflects market rates, represents fair value to the Company and takes into account the ability of the Company to pay.

**7. *Other Board Committees***

The Reserves Committee is responsible for reviewing the Company's reserves filings.

The Reserves Committee consists of Henry Legarre, Richard Wadsworth and Sara Akbar.

**Assessments**

The Nominating and Corporate Governance Committee is responsible for overseeing the assessment process on an ongoing basis and annually considers the effectiveness of the Board, its committees and contributions of individual directors.

## SCHEDULE C

Sonoro Energy Ltd. | 2023

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**Sonoro Energy Ltd.**

**(the “Company”)**

**2010 SHARE OPTION PLAN**

**Dated for Reference July 1, 2023**

### **ARTICLE 1 PURPOSE AND INTERPRETATION**

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#### **Purpose**

1.1 The purpose of this Plan will be to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of the TSX Venture Exchange (or “TSX Venture”) (the “TSX Venture Policies”) and any inconsistencies between this Plan and the TSX Venture Policies whether due to inadvertence or changes in TSX Venture Policies will be resolved in favour of the latter.

#### **Definitions**

1.2 In this Plan

**Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;

**Associate** has the meaning assigned by the Securities Act;

**Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;



**Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
- (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or its successor is deemed to materially affect the control of the Company or its successor;

**Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;

**Company** means the Corporation named at the top hereof and includes, unless the context otherwise requires, all of its subsidiaries or affiliates and successors according to law;

**Consultant** means a Person or Consultant Company, other than an Employee, Officer or Director that:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company or an Affiliate and the Person or the Consultant Company;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate that enables the Person or Consultant Company to be knowledgeable about the business and affairs of the Company;

**Consultant Company** means for a Person consultant, a company or partnership of which the Person is an employee, shareholder or partner;

**Directors** means the directors of the Company as may be elected from time to time;

**Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Service Providers or their Associates;

**Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

**Effective Date** for an Option means the date of grant thereof by the Board;

**Employee** means:

- (a) a Person who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) a Person who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (c) a Person who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

**Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

**Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;

**Insider** means

- (i) an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (ii) an Associate of any person who is an Insider by virtue of §(i) above;

**Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies, and means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

**Listed Shares** means the number of issued and outstanding shares of the Company that have been accepted for listing on the TSX Venture, but excluding dilutive securities not yet converted into Listed Shares;

**Management Company Employee** means a Person employed by another Person or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or Person engaged primarily in Investor Relations Activities;

**NEX** means a separate board of TSX Venture for companies previously listed on TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

**Officer** means a duly appointed senior officer of the Company;

**Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

**Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A hereto;

**Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

**Optionee** means the recipient of an Option hereunder;

**Outstanding Shares** means at the relevant time, the number of outstanding Common Shares of the Company from time to time;

**Participant** means a Service Provider that becomes an Optionee;

**Person** means a company or an individual;

**Plan** means this Share Option Plan, the terms of which are set out herein or as may be amended;

**Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;

**Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder;

**Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

**Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company, of which 100% of the share capital is beneficially owned by one or more Person Service Providers;

**Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

**Shareholders Approval** means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders' meeting;

**TSX Venture** means the TSX Venture Exchange and any successor thereto; and

**TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

## **Other Words and Phrases**

1.3 Words and Phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

## **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

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### **Establishment of Share Option Plan**

2.1 There is hereby established a Share Option Plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 The Plan is a “rolling plan” such that aggregate number of Plan Shares which are subject to issuance pursuant to Options granted under this Plan shall be a maximum of 15% of the issued shares of the Company, on a non-diluted basis.

2.3 For greater certainty, as this Plan is a rolling plan, Options that are exercised, and Options that have been surrendered, terminated or expire without being exercised no longer represent Plan Shares reserved for issuance under this Plan and do not decrease the number of Plan Shares issuable under Section 2.2.

### **Eligibility**

2.4 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

### **Options Granted Under the Plan**

2.5 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.6 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Limitations on Issue**

2.7 Subject to §2.9, the following restrictions on issuances of Options are applicable under the Plan:

(a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Listed Shares (unless the Company is classified as a Tier 1 Company by the TSX Venture and has obtained Disinterested Shareholder Approval under §2.10(a)(iii) to do so);

(b) no Options can be granted under the Plan if the Company is designated “Inactive” (as defined in TSX Venture Policies) by the TSX Venture;

(c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture; and

(d) the aggregate number of options granted to any one Consultant in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture.

### **Options Not Exercised**

2.8 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.

### **Powers of the Board**

2.9 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

(a) allot Common Shares for issuance in connection with the exercise of Options;

(b) grant Options hereunder;

(c) subject to Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or

suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSX Venture Policies or the Company's tier classification thereunder;

(d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and

(e) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

(a) the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in:

(i) the aggregate number of shares reserved for issuance under stock options granted to Insiders exceeding 15% of the Listed Shares;

(ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 15% of the Listed Shares; or,

(iii) in the case of a Tier I Company only, the issuance to any one Optionee, within a 12-month period, of a number of shares exceeding 5% of Listed Shares; or

(b) any reduction in the Exercise Price of an Option previously granted to an Insider.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

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### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date if the Company is listed on Tier 1 of TSX Venture, or five years from the Effective Date if the Company is listed on Tier 2 or NEX of TSX Venture.

3.3 Notwithstanding the foregoing, in the event that the expiry of an Option falls within, or within two business days of the expiry of, a trading blackout period imposed by the Corporation (the "Blackout Period") in accordance with its "Insider Trading and Blackout Policy", the expiry of such Option shall be automatically extended to the 10<sup>th</sup> business day following the end of the Blackout period

### **Option Amendment**

3.4 Subject to §2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Company's shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.5 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.6 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Vesting of Options**

3.7 Subject to §3.8, vesting of Options is otherwise at the discretion of the Board, and will generally be subject to:

(a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its subsidiaries and Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its subsidiary or affiliate during the vesting period; or

(b) remaining as a Director of the Company or any of its subsidiaries or Affiliates during the vesting period.

3.8 If the Company is a Tier 2 Company and the Plan Shares exceed 15% of the Listed Shares, any Options granted under the Plan will vest in accordance with the vesting schedule attached as Schedule B and may be exercised only after vesting.

### **Vesting of Options Granted for Investor Relations Activities**

3.9 Subject to §3.8, Options granted to Consultants conducting Investor Relations Activities will vest:

(a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or

(b) such longer vesting period as the Board may determine.

### **Variation of Vesting Periods**

3.10 At the time an Option is granted which carries vesting provisions, the Board may vary such vesting provisions provided in §3.7 and §3.9, subject to Regulatory Approval.

### **Optionee Ceasing to be Director, Employee or Service Provider**

3.11 No Option may be exercised after the Service Provider has left the employ/office or has been advised his services are no longer required or his service contract has expired, except as follows:

(a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

(b) in the case of a Tier 1 Company, Options granted to any Service Provider must expire within 90 days after the date the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to be so employed or to provide services to the Company;

(c) in the case of a Tier 2 or NEX Company, Options granted to a Service Provider conducting Investor Relations Activities must expire within 30 days of the date the Optionee ceases to conduct such activities, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to conduct such activities,

(d) in the case of a Tier 2 or NEX Company, Options granted to an Optionee other than one conducting Investor Relations Activities must expire within 90 days after the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to be so employed or to provide services to the Company; and

(e) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.



## **Non Assignable**

3.12 Subject to §3.10(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

## **Adjustment of the Number of Optioned Shares**

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

(a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration;

(b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

(c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

(d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.12(d);

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative;

(f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.12(f), be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and

(g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Calgary, Alberta (or in the city of the Company's principal executive office) that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

#### **ARTICLE 4**

#### **commitment and exercise PROCEDURES**

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##### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

##### **Manner of Exercise**

4.2 An Optionee who wishes to exercise his Option may do so by delivering

(a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and

(b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

(c) The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionees's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the option as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligating net of selling costs. The optionee consents to such sale and grants

the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Share issuable upon exercise of the options

### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a restrictive legend stipulating any resale restrictions for such period as may be prescribed by securities law, by any regulatory authority or TSX Venture.

## **ARTICLE 5 GENERAL**

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### **Employment and Services**

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee will be voluntary.

### **No Representation or Warranty**

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

### **Interpretation**

5.3 The Plan will be governed and construed in accordance with the laws of the Province of Alberta.

### **Amendment of the Plan**

5.4 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals.

**ARTICLE 6**  
**TRANSITION**

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**Replacement of the 2014 Share Option Plan**

6.1 As of the Effective Date, this Plan supersedes and replaces the 2014 Share Option Plan in effect immediately prior to the date of this Plan (the “Replaced Plan”) and, after the Effective Date, no further Options will be granted under the Replaced Plan.

**Outstanding Options under the 2014 Share Option Plan**

6.2 All Options granted under the Replaced Plan prior to the Effective Date that remain outstanding after the Effective Date will be governed by the terms of this Plan.

**SCHEDULE A**

**SHARE OPTION PLAN**

**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Effective Date") **Sonoro Energy Ltd.** (the "Company") has granted to \_\_\_\_\_ (the "Service Provider"), an Option to acquire \_\_\_\_\_ Common Shares ("Optioned Shares") up to 5:00 p.m. Calgary Time on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Expiry Date") at a Exercise Price of Cdn.\$ \_\_\_\_\_ per share.

At the date of grant of the Option, the Company is classified as a Tier 2 company under TSX Venture Policies.

Optioned Shares will vest and may be exercised as follows:

\_\_\_ In accordance with the vesting provisions set out in Schedule B of the Share Option Plan the "Plan")

or

\_\_\_ As follows:

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum four-month non-transferability legend from the date of this Option Commitment.

The Company and the Service Provider represent that the Service Provider under the terms and conditions of the Plan is a bona fide [Employee/Director/Consultant/Contractor] of the Company, entitled to receive Options under TSX Venture Exchange Policies.

The Service Provider also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

**SONORO ENERGY LTD.**

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Authorized Signatory

◆ SIGNATURE OF OPTIONEE

**SCHEDULE B**  
**SHARE OPTION PLAN**  
**VESTING SCHEDULE**

1. Options granted pursuant to the Plan to Directors, Officers and all Employees and Consultants employed or retained by the Company at the time the Option is granted will vest as follows:
  - (a) 1/3 of the total number of Options granted will vest immediately after the date of grant;
  - (b) a further 1/3 of the total number of Options granted will vest one year after the date of grant; and
  - (c) the remaining 1/3 of the total number of Options granted will vest twenty four months after the date of grant.
2. Options granted to Consultants retained by the Company pursuant to a short term contract or for a specific project with a finite term, will be subject to such vesting provisions determined by the Board of Directors of the Company at the time the Option Commitment is made, subject to Regulatory Approval.
3. Options granted to Service Providers involved in Investor Relations Activities shall vest in accordance with Section 3.8 of the Plan.

**SCHEDULE C**

**SHARE OPTION PLAN**

**CERTIFICATE  
("Certificate")**

**TO:** Sonoro Energy Ltd. (the "Company")

**RE:** Options of the Company (the "Options") granted pursuant to the Option Commitment (as defined in the Share Option Plan) dated\_\_\_\_\_

The undersigned hereby acknowledges and agrees as follows:

- a) It is a Service Provider as defined in Section 1.2 of the Share Option Plan.
- b) It is a corporation and hereby undertakes not to effect or permit any transfers of ownership or option of any of its shares, nor issue more shares (so as to indirectly transfer the benefits of the Options), as long as such Options remain outstanding, unless written permission of the TSX Venture and the Company is obtained.

DATED the\_\_\_ day of \_\_\_, \_\_\_.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first written above.

\_\_\_\_\_

("Name of Signatory")

\_\_\_\_\_

("Signature")