

# CATHEDRAL ENERGY SERVICES LTD.

## BOARD OF DIRECTORS CHARTER

Dated: March 2020

### ROLE AND RESPONSIBILITIES

The Board of Directors (the "**Board**", each member of the Board a "**Director**") is responsible for the overall supervision of the management of the business and affairs of Cathedral Energy Services Ltd. (the "**Corporation**"). The Board is not responsible for the day-to-day management and operation of the Corporation, these responsibilities rest with management. Each Director has a fiduciary duty to act honestly and in good faith with a view to the best interests of the Corporation, and to exercise the care, diligence and skill that a reasonable prudent person would exercise in comparable circumstances. In fulfilling their fiduciary duties, each Director must act honestly, maintain confidences in respect to information involving the Corporation and, disclose conflicts of interest on any material matters involving the Corporation.

### MAJOR DUTIES AND RESPONSIBILITIES

The Board discharges its duties and responsibilities directly or through its committees. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity. The major responsibilities of the Board are as follows:

- 1) Supervise the determination and control in broad terms the purposes, strategic direction, goals, activities and general characteristics of the Corporation. These duties range from overseeing financial objectives, scope of operations, fundamental strategies and policies, reviewing and approving the Corporation's annual strategic plan (including annual operating and capital budgets), reviewing the Corporation's operating and financial performance results relative to established strategy, budgets and objectives, establishing a dividend policy and declaring dividends and considering and approving other specific actions that are likely to have a substantial effect on the Corporation or that the Board is legally required to take.
- 2) Review with senior management the mission of the Corporation, its objectives and goals, and the strategies whereby it proposes to achieve them. Monitor the Corporation's progress towards its goals and plans, and assume responsibility to revise and alter the Corporation's direction where warranted.
- 3) Review and approve the Corporation's annual and interim consolidated financial statements, annual and interim management's discussion and analysis, and all public disclosure documents containing audited or unaudited financial information before release, including, but not limited to, any prospectus, the Corporation's annual report, the Corporation's annual information form, the Corporation's management proxy circular and any press releases.
- 4) Oversee corporate financial operations, ensuring proper control mechanisms are in place to require management to obtain the Board's prior approval of:
  - (a) material capital asset additions, acquisitions and disposals;
  - (b) material borrowings;
  - (c) equity issues and repurchases;

# CATHEDRAL ENERGY SERVICES LTD.

## BOARD OF DIRECTORS CHARTER

Dated: March 2020

- (d) compensation paid to senior management;
  - (e) any material transactions or events outside the ordinary course of business; and
  - (f) any other matter specified by the Board as requiring approval.
- 5) Appoint a President and Chief Executive Officer (collectively, a "CEO") and other senior officers, define their respective duties, monitor and evaluate their performance, approve their compensation, provide for adequate succession, and replace the CEO or other senior officers when appropriate.
- 6) Appoint a Compensation Committee and Compensation Committee Chair, oversee the activities of the Compensation Committee and receive and consider the recommendation of the Compensation Committee with respect to the compensation provided by the Corporation to senior management and Directors as Board and committee members.
- 7) Appoint an Audit Committee and Audit Committee Chair, oversee the activities of the Audit Committee and receive and consider the recommendation of the Audit Committee with respect to the financial systems of the Corporation and related disclosures, reports to shareholders and other related communications.
- 8) Oversee enterprise risk assessment and risk management systems including:
- (a) discussion with senior management as guidelines and policies governing the risk assessment and risk management processes;
  - (b) review and discussion of significant risks and exposures with senior management;
  - (c) assess the steps management has taken to monitor, control, report and mitigate such risk to the Corporation, including insurance coverage; and
  - (d) with the advice and assistance of senior management, identify and evaluate the principal risk factors relating to the Corporation's business.

Identification of enterprise risk and oversight of systems to manage it, including the review of the effectiveness and integrity of internal financial control systems, has been delegated to the Audit Committee, which is to report to the Board thereon regularly.

- 9) Ensure that the Corporation has in place appropriate environmental, health and safety policies, having regard to legal, industry and community standards, and ensure implementation of management systems to monitor the effectiveness of those policies.
- 10) Monitor and oversee the Corporation's financial reporting and disclosure system, including how the Corporation interacts with analysts, investors, other key stakeholders and the public, and how the Corporation complies with its continuous and timely disclosure obligations and avoids selective disclosure, and review all such policies at least annually, and since much of the Board's

# CATHEDRAL ENERGY SERVICES LTD.

## BOARD OF DIRECTORS CHARTER

Dated: March 2020

work in this regard has been delegated to the Audit Committee, receive regular reports with respect thereto from that committee.

- 11)** Ensure that management has systems in place for communication and relations with stakeholder groups, including, but not limited to: shareholders; the investing public; government; employees; the financial community; and the communities in which the Corporation operates. More specifically:

  - (a)** be accountable for the manner in which public disclosure of the Corporation's affairs is made. Require all news releases and reports issued to shareholders involving financial information are reviewed by the Board prior to their public release and that all other news releases are reviewed by the Board as appropriate;
  - (b)** ensuring that management maintains an investor relation function to coordinate the receipt of and response to shareholder inquiries; and
  - (c)** ensure the Audit Committee puts in place procedures to receive and handle complaints or concerns received by the Corporation about accounting or audit matters including those submitted anonymously by an employee of the Corporation.
- 12)** Appoint a Governance Committee and Governance Committee Chair, oversee the activities of the Governance Committee and consider the recommendations of the Governance Committee. Through this committee, establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.
- 13)** Oversee the Corporation's compliance with applicable laws and regulations and the operation of its business in accordance with appropriate ethical standards. To this end, the Corporation has adopted a Code of Business Conduct and Ethics.
- 14)** Manage Board operations, including, without limitation:

  - (a)** subject to shareholder approval, review the Board's size and composition and when appropriate, identify new nominees;
  - (b)** ensure Directors meet in accordance with all legal requirements and that the independent Directors have an opportunity to meet separately on a regular basis;
  - (c)** review the recommendations of the Governance Committee in connection with the development of the Corporation's approach to governance issues and the Corporation's responses to the Toronto Stock Exchange guidelines or any rules or guidelines published by any and all other regulated markets upon which the Corporation's securities may be listed or quoted for trading, from time to time;
  - (d)** ensure that new Directors receive proper education and orientation about the Corporation, and that on an ongoing basis all Directors receive continuing education; and

# CATHEDRAL ENERGY SERVICES LTD.

## BOARD OF DIRECTORS CHARTER

Dated: March 2020

- (e) periodically review the Board's role and responsibilities pursuant to this Charter, and evaluate the effectiveness of the Board, its members and its committees from time to time and if necessary and appropriate, create new or disband existing committees and in the case of new or old committees, establish and review their charters and elect chairs from time to time.
- 15) Review the adequacy and form of each Board member's compensation to ensure it realistically reflects the responsibilities and risks involved in being a Director.

### ORGANIZATION

The Corporation's Articles of Incorporation provide that the Directors shall be elected annually by the shareholders of the Corporation, and that the Board shall consist of not less than three (3) or more than ten (10) individuals, with the exact number being determined from time to time by resolution of the Board. The Board should be of a size which facilitates effective decision-making. Directors will review the size of the Board from time to time to ensure this principle is being adhered to. Under the *Business Corporations Act (Alberta)*, a minimum of 25% of the Directors must be residents of Canada.

A majority of the Board shall be independent Directors (as defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators), as determined by the Board. In assessing whether a Director or potential Director is independent, the Board will consider such facts as ownership of the Corporation's securities, whether the individual is an employee or officer of the Corporation or an affiliate of the Corporation and existence of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act with the best interests of the Corporation.

The independent Directors shall appoint a Chairman of the Board from the group of independent Directors. The fundamental responsibility of the Chairman is to facilitate communication among the independent Directors.

There are currently three committees of the Board of Directors and each committee has its own charter, approved by the Board, setting out its role and mandate.

- Audit Committee – consists of a minimum of three (3) Directors, including a committee Chair, all of which are independent to the Corporation.
- Compensation Committee – consists of a minimum of three (3) Directors, including a committee Chair, all of which are independent to the Corporation.
- Governance Committee – consists of a minimum of two (2) Directors, including a committee Chair, all of which are independent to the Corporation.

### EXTERNAL RESOURCES

To assist the Board in discharging its duties and responsibilities, the Board may, at the expense of the Corporation, retain persons having special expertise. In addition, individual Directors may engage outside consultants, at the expense of the Corporation, with prior approval of the Governance Committee.

### NEW BOARD MEMBERS

# **CATHEDRAL ENERGY SERVICES LTD.**

## **BOARD OF DIRECTORS CHARTER**

**Dated: March 2020**

New Board members will be provided with sufficient background materials relating to the Corporation that will provide the new Director with knowledge to understand the Corporation's business, assets, capitalization, personnel, policies and procedures, to enable them to educate themselves with regard to the Corporation's business. In addition, the new Director will be provided with the opportunity for meetings and discussions with senior management and other Directors. Details of orientation will be tailored to the Director's individual needs.

### **LIMITATION ON BOARD MEMBERS' DUTIES**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Board a standard of care or diligence that is in any way more onerous or extensive than the standard required by law. The purposes and responsibilities outlined in this charter are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards it deems necessary from time to time to fulfill its responsibilities.

### **ROLE AND RESPONSIBILITIES OF CHAIRMAN OF THE BOARD**

The Chairman of the Board shall have, among other, the following responsibilities:

- 1) In conjunction with the Corporation's CEO and Chief Financial Officer, plan the meetings of the Board, establish the agenda of these meetings and coordinate the activities of the Corporate Secretary in regards to the affairs of the Board and its committees.
- 2) Chair all meetings of the Board, ensure the proper and efficient conduct of Board meetings, ensure that all members are able to express their opinions on the topics being discussed and ensure that the decisions or recommendations made by the Board are clear.
- 3) Ensure that all strategically important issues are communicated to the Board for approval and that the Board receives the necessary information it needs to allow its members to assume their role fully and to follow up on the implementation of decisions made by the Board.
- 4) Attend committee meetings as deemed appropriate.
- 5) Ensure that all policies of the Board relating to compliance with regulations as well as ethics and conduct standards are communicated to all interested parties.
- 6) In collaboration with the chairs of the committees, to ensure that the Board and each of its committees respect their respective mandates (or charters).
- 7) Review the Chief Executive Officer's expenses and perquisites at least once a year.

### **ROLE AND RESPONSIBILITIES OF COMMITTEE CHAIRS**

Every chair of a Board committee shall have, among those listed above, the following responsibilities:

- 1) Plan committee meetings, establish the agenda of these meetings and coordinate the activities of the Corporate Secretary in regards to the affairs of the committee.

**CATHEDRAL ENERGY SERVICES LTD.**

**BOARD OF DIRECTORS CHARTER**

**Dated: March 2020**

- 2) Chair all the meetings of the committee, ensure the proper and efficient conduct hereof, ensure that all members are able to express their opinions on the topics being discussed and ensure that the decisions or recommendations made by the committee are clear.

Liaise and communicate to the Board and senior management in matters relating to his mandate and to the work of his committee.