



**Notice of Annual and Special  
Meeting of Shareholders to be Held on January 21, 2021**

*and*

**Management Information Circular**

## SILK ENERGY LIMITED

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JANUARY 21, 2021

**TAKE NOTICE THAT** an annual and special meeting (the “**Meeting**”) of the shareholders of Silk Energy Limited (“**Silk**”) will be held virtually on January 21, 2021 at 10:00 a.m.

Shareholders are encouraged to participate in the Meeting and will find important information along with detailed instructions about how to participate in the virtual meeting in the accompanying management information circular and on the **Silk Energy Limited Virtual (AGM) Information Sheet (“VIS”)** distributed along with this Notice.

To attend the Meeting:

- Registered shareholders must visit [www.agmconnect.com/silk2020](http://www.agmconnect.com/silk2020) and check-in using the *AGM Connect Voter ID* and *Meeting Access Code*. Please contact AGM Connect via 1.416.222.4202 or [info@agmconnect.com](mailto:info@agmconnect.com) for more information.
- Non-registered shareholders should refer to the instructions in the accompanying management information circular for information on how to vote their shares, appoint a proxy and/or attend the virtual meeting. Please contact AGM Connect at (+1) 416.222.4202 or [info@agmconnect.com](mailto:info@agmconnect.com) for more information.

The online platform is fully supported across browsers and devices running the most updated version of applicable software plugins. Please ensure that you have a reliable internet connection with which to access and participate in the Meeting. The Meeting will begin promptly at 10 a.m. (Toronto time) on January 21, 2021. Online check-in will open one-hour prior, at 9 a.m. (Toronto time). Please allow ample time for online check-in procedures.

By attending the Meeting via [www.agmconnect.com/silk2020](http://www.agmconnect.com/silk2020), shareholders will be able to participate in the Meeting via audio and video and Registered Shareholders or duly Appointed Proxyholders will be able to submit questions and vote. The board of directors of the Corporation (the “**Board**”) believes that hosting the Meeting virtually will minimize the health risk that may be associated with large gatherings, while enabling increased shareholder attendance and encouraging more active shareholder engagement and participation at the Meeting.

At the Meeting, shareholders will be asked to:

- a) receive the comparative consolidated audited financial statements as at and for the years ended December 31, 2019 and December 31, 2018, together with the report of the auditors thereon;
- b) re-appoint auditors;
- c) set the number of directors of the Corporation at six (6) persons;
- d) elect directors;
- e) consider, and if thought advisable, to pass with or without variation, a special resolution to authorize the board of directors of the Corporation to set the number of directors from time to time within the minimum and maximum number of directors set forth in the articles of the Corporation, in accordance with Subsection 125(3) of the *Business Corporations Act* (Ontario), as more particularly described in the accompanying Information Circular (the “**Board Size Resolution**”) attached hereto as Appendix “A”;
- f) consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is set forth in Appendix “B” (the “**Preferred Share Resolution**”) to the accompanying management information circular (the “**Circular**”), authorizing the filing of articles of amendment to create a new class of preferred shares to be designated as “Class A Preferred Shares”, as more particularly described in the Circular;
- g) consider and, if thought advisable, approve an ordinary resolution (the “**By-Law Resolution**”) confirming the replacement of the Corporation’s by-laws with updated by-laws, a copy of which by-laws is attached hereto as Appendix “C”;
- h) to consider and, if thought advisable, approve an ordinary resolution amending the stock option plan of the Corporation (the “**Stock Option Plan Amendment Resolution**”) attached hereto as Appendix “D”;
- i) transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Information relating to items (b) through (h) above is set out in the accompanying Circular together with a form of proxy and a financial statement request form.

Only persons registered as holders of common shares of Silk as of the close of business (Eastern Standard Time) on December 7, 2020 are entitled to receive notice of the Meeting and to vote at the Meeting, or any adjournment or postponement thereof.

## COVID-19 UPDATE

As of the date of this notice, the Company intends to proceed with the Meeting but limit in-person attendance in light of public health directives and recommendations relating to the ongoing coronavirus (“**COVID-19**”) pandemic and efforts to reduce its spread, including restrictions on in-person gatherings of any size, which continue to be strongly discouraged, and physical distancing requirements, and overarching concern for the wellbeing of shareholders, directors, their families and others. At a minimum, only registered shareholders or their duly appointed proxyholders will be permitted to attend the Meeting. The Company reserves the right, however, to take any such additional precautionary measures in relation to the Meeting as it considers necessary or advisable in response to further COVID-19 related public health developments, which could include changing the location of the Meeting, hosting the Meeting by means of remote communication only, placing further restrictions on in-person attendance, or postponing or adjourning the Meeting. Any such changes to the Meeting location, date or format will be announced by way of news release, and a copy thereof (if any) will be filed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Please monitor any such news release for updates, and check for the most current information prior to the Meeting date. The Company does not intend to prepare or mail supplementary meeting materials in the event of changes to the Meeting location, date or format. To mitigate health and safety risks, the Company strongly discourages shareholders from attempting physical attendance at the Meeting, accommodation for which cannot be guaranteed at this time, and asks that all shareholders instead vote by proxy in advance of the Meeting.

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend the Meeting and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible. To be valid, all instruments of proxy must be deposited at the office of the Transfer Agent of the Company, to the attention of Silk Energy Limited c/o TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, ON, M5H 4H1, Attention of Proxy Set-up Team or by facsimile to 1(416)-595-9593, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any postponement or adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

DATED as of December 16, 2020.

By Order of the Board of Directors

Steve Kappella  
Chairman of the Board of Directors  
Silk Energy Limited



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## 1. GENERAL PROXY MATTERS

### 1.1 General

This management information circular (the “Circular”) of Silk Energy Limited dated as of December 16, 2020 is furnished in connection with the solicitation of proxies by and on behalf of management of Silk Energy Limited for use at the annual and special meeting of our common shareholders (the “Meeting”), to be held on January 21, 2021 and any adjournment or postponement of the Meeting.

We have not authorized anyone to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

Unless otherwise indicated or the context otherwise requires, in this Circular the terms “**Company**”, “**we**”, “**us**” and “**our**” refer to Silk Energy Limited; “**Silk**” refers to Silk Energy Limited and its wholly-owned subsidiaries; “**Common Shares**” refers to common shares of Silk Energy Limited; “**shareholders**” refers to holders of Common Shares; and “**Board**” refers to the Board of Directors of Silk.

Information contained in this Circular is given as of December 16, 2020, unless otherwise specifically stated.

### 1.2 Solicitation of Proxies

Shareholders are encouraged to participate in the Meeting and will find important information along with detailed instructions about how to participate in the virtual meeting in the accompanying management information circular and on the **Silk Energy Limited Virtual (AGM) Information Sheet (“VIS”)** distributed along with this Notice.

To attend the Meeting:

- Registered shareholders must visit [www.agmconnect.com/silk2020](http://www.agmconnect.com/silk2020) and check-in using the *AGM Connect Voter ID and Meeting Access Code*. Please contact AGM Connect via 1.416.222.4202 or [info@agmconnect.com](mailto:info@agmconnect.com) for more information.
- Non-registered shareholders should refer to the instructions in the accompanying management information circular for information on how to vote their shares, appoint a proxy and/or attend the virtual meeting. Please contact AGM Connect at (+1) 416.222.4202 or [info@agmconnect.com](mailto:info@agmconnect.com) for more information.

The online platform is fully supported across browsers and devices running the most updated version of applicable software plugins. Please ensure that you have a reliable internet connection with which to access and participate in the Meeting. The Meeting will begin promptly at 10 a.m. (Toronto time) on January 21, 2021. Online check-in will open one-hour prior, at 9 a.m. (Toronto time). Please allow ample time for online check-in procedures.

By attending the Meeting via [www.agmconnect.com/silk2020](http://www.agmconnect.com/silk2020), shareholders will be able to participate in the Meeting via audio and video and Registered Shareholders or duly Appointed Proxyholders will be able to submit questions and vote. The board of directors of the Company (the “**Board**”) believes that hosting the Meeting virtually will minimize the health risk that may be associated with large gatherings, while enabling increased shareholder attendance and encouraging more active shareholder engagement and participation at the Meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication.

### 1.3 Appointment of Proxies

Enclosed with the Notice being sent to our shareholders is a form of proxy. The persons designated in the form of proxy are Steve Kappella, the Chairman and Chief Executive Officer of Silk, and Aigerim Svanbayeva, the Chief Financial Officer of Silk. Each shareholder has the right to appoint some other person or entity (who need not be a shareholder) to attend, vote and act on their behalf at the Meeting other than the persons named in the enclosed instrument of proxy. This right may be exercised by inserting the person’s name in the blank space provided in the form of proxy or by completing another proper instrument of proxy naming such other person

as proxyholder. The instrument appointing a new proxyholder must be in writing and must be signed by the shareholder or his or her attorney therefor duly authorized in writing.

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. You are a registered shareholder if you have a share certificate for Common Shares and they are registered in your name or if you hold Common Shares through direct registration. Shareholders who hold their Common Shares through a bank, broker or other intermediary should read the instructions under the heading below, “Non-Registered Shareholders”.

In order to be valid, the completed and signed proxies must be delivered:

- by fax to TSX Trust Company, Attention: Proxy Setup Team at 1- 416-595-9593;
- by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com);
- by mail to TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, ON, M5H 4H1, Attention of Proxy Setup Team; or
- by personal delivery to TSX Trust Company at the address set out above,

in each case so as to be deposited with Silk no later than 10:00 a.m. (Eastern Standard Time) on January 19, 2021 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before the time set for the adjourned Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair’s discretion without notice.

#### **1.4 Non-Registered (Beneficial) Shareholders**

The information in this section is of significant importance to shareholders who do not hold their Common Shares in their own name. Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting.

You are a non-registered shareholder if you hold Common Shares through an intermediary (such as banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans) that the non-registered holder deals with in respect of the Common Shares, or a clearing agency (such as the Canadian Depository for Securities Limited) of which the intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, we will have distributed copies of the Notice, a form of proxy and a financial statement request form to the clearing agencies and intermediaries for onward distribution to non-registered shareholders. Typically, intermediaries will use a service company to forward such materials to non-registered shareholders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation in Canada and its counterpart in the United States, or Broadridge.

If you are a non-registered shareholder, you may vote in person, by proxy or by internet only by the following procedures outlined below. If you wish to vote by internet, please see the enclosed voting instruction form for details on protocol.

##### *To Vote by Proxy*

Intermediaries are required to forward the Notice and other Meeting materials to non-registered shareholders and often use service companies for this purpose. Generally, non-registered shareholders will either:

- be given 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 authority and instructions (often called a proxy authorization form) which the intermediary must follow (and which may, in some cases, permit the completion of the voting instruction form by telephone or internet); or
- less typically, be given 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 Common Shares beneficially owned by the non-registered shareholder, but which is otherwise not completed. This form of proxy need not be signed by the non-registered shareholder. In this case, the non-registered shareholder who wishes to submit a proxy should properly complete the applicable form of proxy and submit it to Silk Energy Limited c/o TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, ON, M5H 4H1, Attention of Proxy Setup Team, by fax at 1- 416-595-9593; or email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com) with respect to the Common Shares beneficially owned by such non-registered shareholder, in accordance with the instructions elsewhere in this Circular.

In either case, the purpose of this procedure is to permit the non-registered shareholder to direct the voting of the Common Shares they beneficially own.

Additionally, there are two kinds of non-registered shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or “OBOs”; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or “NOBOs”. Pursuant to NI54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

The Notice and Access notifications or proxy related materials are being sent to both Registered Shareholders and Non-registered Holders. If you are a Non-registered Holder, and or agent or we have sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

#### *Revocation of Proxies*

A registered shareholder who has given a proxy may revoke the proxy:

- by completing and signing a proxy bearing a later date and depositing it as previously described;
- by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing (i) at our registered office at any time up to and including the second last business day (being a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario for the transaction of banking business) preceding the day of the Meeting or any adjournment thereof, or (ii) with the chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or
- in any other manner permitted by law.

A non-registered shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of proxy instruction form (voting instructions) or of a waiver of the right to receive materials and to vote that is not received by the intermediary at least seven days prior to the Meeting.

### **1.5 Voting of Proxies**

On any ballot that may be called for, Common Shares represented by properly executed proxies in favour of the persons specified in the enclosed form of proxy will be voted for or against or withheld from voting in accordance with the specifications made therein. **If a specification is not made with respect to any matter to be voted on at the Meeting, Common Shares will be voted in FAVOUR of those matters set out in the form of proxy accompanying the Notice.** That form of proxy confers discretionary authority upon the persons specified therein with respect to amendments or variations to matters identified in the accompanying notice of Meeting, and with respect to other matters which may properly come before the Meeting. As of the date of this Circular, we are not aware of any such amendment, variation or other matter to come before the Meeting.

### **1.6 Record Date, Voting of Common Shares**

As at December 7, 2020, we had 199,651,185 Common Shares issued and outstanding. Shareholders of record at the close of business on December 7, 2020 are entitled to receive notice of and to attend the Meeting in person or by proxy and are entitled to one vote per Common Share held on all matters to come before the Meeting.

Only those shareholders of record on the record date with the right to vote will be entitled to vote the Common Shares owned by the shareholder at the Meeting or any adjournment(s) or postponement thereof, in person or by proxy.

A quorum of shareholders is present at a meeting of shareholders if two persons, each of whom is a shareholder or duly appointed proxy or representative for an absent shareholder, representing in the aggregate not less than 5% of the outstanding shares of the Corporation entitled to vote at a meeting of shareholders are present in person or represented by proxy at the start of any meeting of shareholders

Under normal conditions, confidentiality of voting is maintained by virtue of the fact that proxies and votes are tabulated by our transfer agent. However, such confidentiality may be lost as to any proxy or ballot if a question arises as to its validity or revocation or any other like matter. Loss of confidentiality may also occur if our Board of Directors decides that disclosure is in the interest of Silk or its shareholders.

## 1.7 Principal Shareholders

To the knowledge of our Board of Directors and executive officers, as at December 16, 2020, the following persons beneficially own, or control or direct, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of our voting securities:

Name	Number of Common Shares beneficially owned or over which control or direction is exercised	Percentage of Total Common Shares
Corporate Action Ventures	37,143,118	18.6%

## 2. FORWARD-LOOKING STATEMENTS

This Circular contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Silk to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Circular. The principal factors, assumptions and risks that we made or took into account in the preparation of the forward-looking statements in this Circular include, among other things, the factors described in this Circular or in our most recent Management Discussion and Analysis. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Circular as intended, planned, anticipated, believed estimated or expected. You are cautioned not to place undue reliance on forward- looking information or statements.

## 3. MATTERS TO BE ACTED UPON AT THE MEETING

### 3.1 Receipt of Financial Statements

Our audited comparative consolidated financial statements for the fiscal year as at and for the year ended December 31, 2019 and December 31, 2018 and the report of the auditors thereon are posted on SEDAR as well as on the Company’s website ([www.silk-energy.com](http://www.silk-energy.com)), and will be presented at the Meeting.

### 3.2 Appointment of Auditors

At the Meeting, shareholders will be requested to re-appoint Davidson & Company LLP, Chartered Professional Accountants, as auditors of Silk, to hold office until the next annual meeting of shareholders or until their successors are appointed and to authorize the directors to fix the auditor’s remuneration.

**The Board of Directors unanimously recommends that shareholders vote FOR the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditors of Silk. In the absence of a contrary instruction, the individuals named as proxyholders in the enclosed proxy intend to vote FOR the appointment of Davidson & Company LLP, Chartered Professional Accountants as auditors of Silk to hold office until the next annual meeting of shareholders or until their successors are appointed and FOR the resolution authorizing the directors to fix their remuneration unless specifically instructed otherwise on the form of proxy.**

### 3.3 Election of Directors

At the Meeting, Shareholders approval will be sought by way of an ordinary resolution to fix the number of directors of the Corporation at six (6) persons. Shareholders are also required to elect the directors of the Corporation to hold office until their successors directors are elected or appointed.



The nominees proposed for election as director are listed below. If elected, each director elected at the Meeting will hold office until our next annual meeting or until his or her successor is elected or appointed.

**The Board of Directors unanimously recommends that shareholders vote FOR the approval to fix the number of directors of the corporation at six (6) persons and the election as directors of Silk each of the persons whose names are set forth below. In the absence of a contrary instruction, the individuals named as proxyholders in the enclosed proxy intend to vote FOR the fixing of the size of the board of directors at six (6) persons and FOR the election as directors of Silk each of such nominees.** If, for any reason, at the time of the Meeting any of the nominees is unable to serve, and unless otherwise specified, it is intended that the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares owned beneficially, or over which control or direction was exercised, by such person at the date of this Circular. The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and the biographies of the proposed nominees for election as directors, not being within our knowledge, has been furnished by the respective nominees individually.

Proposed Nominee	Principal Occupation	Director Since	Shares Owned
<b>1. Steve Kappella</b>	<b>CEO, Silk</b>	<b>April 2019</b>	<b>8.86%</b>
<b>2. Yerkin Svanbayev</b>	<b>Country Manager, Silk</b>	<b>April 2019</b>	<b>1.58%</b>
<b>3. Aigerim Svanbayeva</b>	<b>CFO, Silk</b>	<b>August 2019</b>	<b>0%</b>
<b>4. Bryan Emslie</b>	<b>Retired Professional Engineer</b>	<b>January 2020</b>	<b>0%</b>
<b>5. Alan Roberts</b>	<b>Retired Professional Engineer</b>	<b>June 2020</b>	<b>0%</b>
<b>6. Rashit Makhat</b>	<b>Management Consultant</b>	<b>Nominee</b>	<b>0%</b>

The principal occupation of each person proposed to be nominated for election as a director for the past five years preceding the date hereof and additional biographical information is described below:

#### *Steve Kappella*

Mr. Kappella is the CEO and Chairman of the Board of Directors of Silk. He has an Honours Degree in Economics from the University of Western Australia in 1984. Mr. Kappella majored in Middle East Economics and Oil. For the past five years, Mr. Kappella has been the Chief Executive Officer of Silk. Mr. Kappella was formerly the Chief Executive Officer of Max Petroleum and had foundation involvement with Jupiter Energy and Roxi Petroleum, all of which were based in Kazakhstan. He was formerly the Honorary Australian Consul in Kazakhstan and on the Board of KazMorTransFlot, the state shipping company in Kazakhstan. He is currently a non-executive director on the Board of KazMunayGas Trading AG.

#### *Yerkin Svanbayev*

Mr. Svanbayev is the country manager for Silk's Kazakhstani operations overseeing oil and gas exploration and daily operations. Mr. Svanbayev is a petroleum engineer who obtained his degree in the development of oil and gas fields from Kazakh State Technical University, Almaty. Mr. Svanbayev has been country manager for Silk Energy since October 2017. From November 2015 to April 2016, he was a consultant for Milio International, a trading company. From May 2014 until January 2015, he was a consultant for Australian Gas Group. He is a former board member of ASX-listed Jupiter Energy and has over 40 years of relevant upstream and downstream industry experience in Kazakhstan.

#### *Aigerim Svanbayeva*

Ms. Svanbayeva is the CFO of Silk overseeing its financial accounts and records. Ms. Svanbayeva obtained a Master of International Affairs in Oil and Gas degree from the School of International and Public Affairs, Columbia University, New York in 2003 as well as an MBA from the Cass Business School, City University of London in 2009. Ms. Svanbayeva has had over five years in industrial project management. She worked as an independent consultant in the oil and gas industry from April 2014.

### *Bryan Emslie*

Mr. Emslie is providing oversight as a director. Mr. Emslie graduated from University of Alberta in 1980 with a BSc degree in Mechanical Engineering. Mr. Emslie has over 35 years of experience in the evaluation of oil and gas reserves and preparation of economic evaluations for purposes of annual reporting, reserve certifications, reserves audits, due diligence reviews and acquisition and divestitures. He spent most of his career as Senior Vice President of McDaniel & Associates Consultants Ltd. in Calgary and was President of McDaniel International Ltd., the international oil and gas evaluation arm of McDaniel. Mr. Emslie traveled throughout the major oil basins of Kazakhstan on many occasions and prepared oil and gas reserves and resources evaluations for over 100 different properties in Kazakhstan for over 30 different clients.

### *Alan Roberts*

Mr. Roberts is providing oversight as a director. Mr. Roberts graduated from University of Melbourne in 1974 with a BE degree in Mining Engineering. Mr. Roberts is a retired professional engineer with 40 years' experience in the oil and gas industry, spanning the Middle East, Central Asia, Far East, Africa and Australia with USA engineering-construction group McDermott International and with Australian production operators.

### *Rashit Makhat*

Mr. Makhat will be providing oversight as a director. He has graduated with BE from Moscow State Institute of International Affairs in 2010. He has started his Executive MBA at the London School of Business in 2019 to be completed in 2021. During the last five years Mr. Makhat has held the positions of: Chairman of the Board of JSC KazKommertsBank, Independent Director of Estate Management Company, Independent Director of KazakhAltyn, Independent Director of JSV "Kcell".

## **3.4 Approval of Special Resolution Authorizing the Board to Fix the Number of Directors**

Pursuant to Section 125(3) of the OBCA, if the articles of a corporation provide for a minimum and maximum number of directors, the directors may, if the shareholders have previously by special resolution so authorized, determine the size of the board of directors from time to time. In addition, Section 124(2) of the OBCA also provides that where a special resolution empowers directors to determine the size of the board of directors in accordance with Section 125(3) of the OBCA, the directors may appoint one or more directors between annual meetings to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so set may not exceed one and one-third ( $\frac{1}{3}$ ) of the number of directors elected at the previous annual meeting of shareholders.

From time to time, the Board may identify an individual who could make valuable contributions to the Corporation as a director. Following the Meeting, the Board wishes to have the ability to invite such an individual to join the Board between shareholders' meetings, without the need to create a vacancy, as this may restrict the Corporation's ability to enhance the Board at the earliest opportunity.

By adopting the proposed special resolution set forth below, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, Shareholders maintain their control over the composition of the Board.

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, to pass, a special resolution authorizing the board to determine the number of directors on the Board from time to time within the minimum and maximum number set in the articles of the Corporation, by resolution of directors, subject to the limits set out in the OBCA (the "**Board Size Resolution**").

The text of the Board Size Resolution to be submitted to Shareholders at the Meeting is set forth in Appendix A hereto.

The Board has reviewed the Board Size Resolution and concluded that it is fair and reasonable to the Shareholders and in the best interests of the Corporation.

**Management recommends that Shareholders vote FOR the adoption of the special resolution approving the Board Size Resolution.**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ABOVE BOARD SIZE RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST THE BOARD SIZE RESOLUTION.**

### 3.5 Preferred Share Resolution

At the Meeting, shareholders will be asked to consider and, if thought advisable, pass, with or without variation, a special resolution, authorizing the filing of articles of amendment to create a new class of preferred shares to be designated as “Class A Preferred Shares”, or the “Preferred Shares” (the “**Preferred Shares Resolution**”). The Preferred Share Resolution must be passed by at least two-thirds of the votes cast by shareholders present in person or represented by proxy at the Meeting. A copy of the Preferred Share Resolution is attached as Appendix “B” to this Circular.

Silk wishes to create the Preferred Shares to facilitate a plan that is under negotiation to restructure its debt with its largest creditor, which, if concluded, would remove a significant amount of debt from Silk’s balance sheet. Definitive commercial terms have not yet been arrived at, but it is contemplated that the arrangement might involve the creditor converting some portion of its debt into Preferred Shares.

The terms of the Preferred Shares are described below. The following is a summary only and reference should be made to the full text of the terms and conditions attaching to the Preferred Shares as set out in Appendix “B” to this Circular.

#### *Participation Upon Liquidation, Dissolution or Winding Up*

In the event of the liquidation or restructuring of Silk or other distribution of assets of Silk among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares will be entitled to receive Cdn\$0.40 from the assets of Silk before any amount is paid or any assets of Silk are distributed to the holders of any Common Shares.

#### *Dividends*

The holders of Preferred Shares will be entitled to receive dividends if, as and when declared by the Board and shall participate *pari passu* with the holders of Common Shares on any declared dividend, in any form declared.

#### *Conversion*

The Preferred Shares shall be convertible into Common Shares.

#### *Voting*

The Preferred Shares will be non-voting and therefore Holders of Preferred Shares will not be entitled to receive notice of, attend at, or vote at any meeting of the shareholders of Silk, except as otherwise provided by law.

The text of the special resolution authorizing the amendment to Silk’s articles as described above is attached to this Circular as Appendix “B”. This proposed amendment to the articles will become effective upon the filing of Articles of Amendment reflecting the amendment pursuant to the *Business Corporations Act* (Ontario), or the OBCA.

**The Board of Directors unanimously recommends that shareholders vote FOR the Preferred Share Resolution. In the absence of a contrary instruction, the individuals named as proxyholders in the enclosed proxy intend to vote FOR the Preferred Share Resolution.**

**The Board of Directors may revoke the Preferred Share Resolution before it is acted on, even if the Preferred Share Resolution is passed by shareholders, in its sole discretion and without further notice to or approval of shareholders.**

### 3.6 Ratification of New Bylaws

In light of the COVID 19 (coronavirus) public health emergency, the Board has determined that it is essential to have the ability to hold shareholder meetings partially or entirely by telecommunications or internet based means. Under the OBCA, unless the articles, bylaws or a unanimous shareholders agreement otherwise provides, the OBCA allows the directors, by resolution, to make, amend or repeal any bylaws that regulate the business or affairs of a corporation. While considering these issues, the Board further determined that it would be desirable to update the by-laws as a whole.

Accordingly, as of December 16, 2020, the Board adopted By-Law No. 2 of the Corporation (the “**New By-Law**”), which by-law replaces entirely the Corporation’s By-Law No. 1 to modernize the Company’s by-law and to enable it to hold meetings of the shareholders of the Corporation partially or entirely by telecommunications or internet-based means.

Certain features of the New By-Law are discussed below, and a complete copy of the New By-Law is attached hereto as Appendix C.

#### *Quorum for Meetings of Directors*

The previous by-law stated that quorums at a Meeting of the Directors would be as provided for in the OBCA; the New By-law provides that the Board may fix, by resolution, the quorum for Meetings of the Directors, provided that in no case will the quorum be less than two-fifths of the number of directors or minimum number of directors. Until it is otherwise fixed, a quorum will be a majority of directors in office.

#### *Advance Notice of Nominations for Election of Directors*

The New By-Law contains features to enable all shareholders to be provided with sufficient disclosure and time to make appropriate decisions regarding the election of directors to the Board of Directors through a transparent, structured, and fair process for nominating the directors of the Corporation in connection with any annual or special meeting of shareholders. The New By-law fixes a deadline by which holders of record of shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in a written notice to the Corporation for any director nominee to be eligible for election at such meeting of shareholders. As a result of these requirements, the New By-law provides all shareholders with the opportunity to participate effectively in the election of directors by allowing them to consider all director nominees and to be made aware of potentially proxy contest in advance of an annual or special meeting of shareholders.

#### *Meetings Held by Electronic Means*

The previous by-law did not provide for virtual shareholder meetings. Under the New By-law, Meetings of Shareholders may be held by electronic means. Any individual entitled to attend such a Meeting may participate through telephonic, virtual, electronic or other communication that permits all participants to communicate with one another during the Meeting, if the Corporation makes available such a communication facility. Through this virtual setting, a person participating in the Meeting is deemed to be present at the Meeting. If a Meeting is called by Directors or Shareholders, those Directors or Shareholders, as the case may be, may determine that the meeting shall be held entirely by means of telephonic, electronic, or other communication facility that permits all participants to communicate adequately with one another.

In accordance with corporate law, the adoption of the New By-Law must be confirmed by the shareholders at the Meeting. At the Meeting, the shareholders may confirm, reject or amend the New By-Law. If the New By-Law is rejected by the shareholders, the New By-Law will cease to be effective and no subsequent resolution of the directors to make, amend or repeal a by-law having substantially the same purpose or effect is effective until it is approved by the shareholders.

At the Meeting, shareholders of the Corporation will be asked to approve the following ordinary resolution (the “**New By-Law Resolution**”) confirming the New By-Law:

#### **“Be it resolved by ordinary resolution that:**

1. By-law No. 2, as more particularly described in Appendix C to the management information circular of the Corporation dated as of December 16, 2020, is hereby confirmed as fully replacing By-Law No. 1 of the Corporation, which by-law is fully repealed; and
2. any officer or director of the Corporation, be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents and instruments and to do all such acts and things, as in his opinion may be necessary or desirable to give effect to the foregoing.”

#### *Shareholder Approval*

Pursuant to applicable corporate law requirements, the New By-Law must be approved at the Meeting by at least a majority of the votes cast by the shareholders of the Corporation present or represented by proxy at the Meeting.

As the Board has approved the New By-Law already, it will be effective for the Meeting, however, if shareholders of the Corporation do not approve the New By-Law at the Meeting, it will cease to be effective immediately following the Meeting and the Corporation may be prevented from holding meetings by telecommunications or internet-based means in the future.

#### *Recommendation of the Board*

**The Board unanimously recommends that shareholders vote “FOR” the New By-Law Resolution.**

### 3.7 Employee Stock Option Plan

The Corporation's Stock Option Plan was adopted at the shareholders' meeting held on April 19th, 2019. It provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of Silk, or any subsidiary of Silk, the option to purchase common shares of the Corporation. The Stock Option Plan provides for a floating maximum limit of 10% of the issued and outstanding common shares. The number of common shares reserved for issuance to any one person may not exceed 5% of the outstanding common shares or 2% in the case of a person who is a Consultant or Employee conducting Investor Relations Activities (as such terms are defined in Exchange Policies). The Board determines the price per common share and the number of common shares that may be reserved for issuance pursuant to stock options to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of any stock exchange on which the Corporation's common shares are listed. Options may be exercisable for up to five years from the date of grant, but the Board has the discretion to grant options that are exercisable for a shorter period. Options under the Stock Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of Silk Shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other Silk Shares. Other than Options issued to persons conducting investor relations activities, Options must be exercised within 90 days of termination of employment or cessation of position with Silk, provided that if the cessation of office, directorship, consulting Amalgamation or employment was by reason of death or disability, the option must be exercised within one year, subject to the expiry date.

The Corporation strives to enhance its ability to attract, retain and appropriately motivate its key employees who drive long-term shareholder value creation. In doing so, the Corporation believes that stock options are a fundamental element of aligning the interests of our senior executives and other employees with the interest of our shareholders as a whole. Given the current expansion plans of the Corporation coupled with the length of time that it takes Exploration and Production companies to realize their potential value, it is requested that shareholders approve the following amendments to the stock option plan.

1. Increase the maximum limit on common shares issuable pursuant to the Stock Option Plan from the equivalent of 10% to 15% of the issued and outstanding Silk Shares.
2. Extend the maximum allowable term of options granted under the Stock Option Plan from 5 years to 10 years.
3. Delete the following text from the Stock Option Plan:

*“Options must be exercised within 90 days of termination of employment or cessation of position with Silk, provided that if the cessation of office, directorship, consulting Amalgamation or employment was by reason of death or disability, the option must be exercised within one year, subject to the expiry date”;*

and replace it with the following text:

*“Options must be exercised within 90 days of termination of employment by the Company for Cause, Breach of Fiduciary Duty, Breach of Employment contract. If the cessation of office, directorship, consulting Amalgamation or employment was by reason of death or disability, including personal or family health related conditions the option must be exercised within one year, subject to the expiry date. At any time, the Board can grant exceptions to or extensions to these time periods.”*

At the Meeting, shareholders of the Corporation will be asked to approve the following ordinary resolution (the “**Stock Option Plan Amendment Resolution**”), the text of which is contained in Appendix D hereto.

#### ***Shareholder Approval***

Pursuant to applicable corporate law requirements, the Stock Option Plan Amendment Resolution must be approved at the Meeting by at least a majority of the votes cast by the shareholders of the Corporation present or represented by proxy at the Meeting.

#### ***Recommendation of the Board***

**The Board unanimously recommends that shareholders vote “FOR” the Stock Option Plan Amendment Resolution.**

### 3.8 Other Business

Management is not aware of any other matters to come before the Meeting, other than those set out in the Notice of Meeting.

If other matters come before the Meeting, it is the intention of the management designees named in the instrument of proxy to vote the same in accordance with their best judgment in such matters.

#### 4. STATEMENT OF EXECUTIVE COMPENSATION

The following disclosure of compensation earned by certain executive officers and directors of the Corporation in connection with their office or employment with the Corporation is made in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to “**Named Executive Officers**”, being those individuals who:

- (a) during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for the financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

Based on the foregoing, Mr. Steve Kappella, Chief Executive Officer and a director of the Corporation, and Ms. Aigerim Svanbayeva, Chief Financial Officer and a director of the Corporation, were Silk’s only Named Executive Officers during the fiscal year-ended December 31, 2019.

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the two (2) most recently completed financial years ended December 31, 2019 and 2018.

#### Table of Compensation

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Value of stock options granted (\$)	Value of stock options exercised (\$)	Total compensation (\$)
Steve Kappella Chief Executive Officer and Director	2019	191,100	nil	nil	N/A	nil	nil	nil	191,100
	2018	nil	nil	nil	N/A	nil	nil	nil	nil
Aigerim Svanbayeva Chief Financial Officer and director	2019	62,500	nil	nil	N/A	nil	nil	nil	62,500
	2018	nil	nil	nil	N/A	nil	nil	nil	nil

#### Compensation Discussion and Analysis

As at the date of this Information Circular, since the beginning of the financial year ended December 31, 2019, the Corporation has not paid compensation of any kind to the Corporation’s directors.

There were no incentive stock options exercised by any Named Executive Officer or director during the most recently completed fiscal year, ended December 31, 2019.

**Financial Instruments**

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

**Compensation Governance**

Silk has not established a compensation committee.

**Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans**

Silk currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers or directors of the Corporation.

**Compensation of Named Executive Officers**

The Named Executive Officers for the Corporation, Steve Kappella, Chief Executive Officer, and Aigerim Svanbayeva, Chief Financial Officer of the Corporation as at the date hereof, since the beginning of the financial year ended December 31, 2019, the Named Executive Officers have received salary. The Named Executive Officers are also directors of the Corporation; however, they have not received any compensation in their capacity as directors of the Corporation.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

Other than as provided for at common law, there is no contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the Named Executive Officers' responsibilities.

**Compensation of Directors**

No compensation (including, without limitation, option-based awards and share-based awards) have been paid to the Corporation's directors since the beginning of the financial year ended December 31, 2018.

**Management Contracts**

No management functions of the Corporation, to any substantial degree, are performed by any other person or company other than by the directors or executive officers of the Corporation.

**DIRECTORS' APPROVAL**

The contents and the sending of this management information circular dated as of December 16, 2020 have been approved by our board of directors.

Dated as of December 16, 2020.

Steve Kappella  
Chairman of the Board of Directors  
Silk Energy Limited



## **APPENDIX “A”**

### **BOARD SIZE RESOLUTION**

Capitalized terms used, but not otherwise defined, herein have the meanings given to them in the management information circular of Silk Energy Limited (“**Silk**”) dated as of December 16, 2020.

**“BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

- (a) the directors of the Corporation are empowered and authorized to determine the number of directors of the Corporation, from time to time, within the minimum and maximum numbers set out in the articles of the Corporation, by a resolution of the directors, subject to the limitations set out in the Business Corporations Act (Ontario); and
- (b) any one director or officer of the Corporation is hereby authorized, instructed and empowered, acting for, in the name of, and on behalf of the Corporation, to do or to cause all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of this foregoing resolution."



## APPENDIX “B”

### PREFERRED SHARES RESOLUTION

Capitalized terms used, but not otherwise defined, herein have the meanings given to them in the management information circular of Silk Energy Limited (“**Silk**”) dated as of December 16, 2020.

#### “BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:

1. The articles of Silk Energy Limited (“**Silk**”) be amended to create a new class of preferred shares designated as “**Class A Preferred Shares**”, such Preferred Shares having attached thereto the following rights, privileges, restrictions and conditions:

- A. The Class A Preferred Shares will be non-voting, except in certain specified instances or as may be required under applicable Canadian law;
- B. The Class A Preferred Shares shall be convertible into Common Shares;
- C. The Class A Preferred Shares shall be given preference over the Common Shares in any liquidation or restructuring of Silk, at the rate of C\$0.40 being distributable to all Class A Preferred Shares before any distribution is made to Common Shares; and
- D. The Class A Preferred Shares will participate *pari passu* with Common Shares on any declared dividend, in any form declared.

2. Any officer or director of Silk, acting alone, be, and is hereby authorized, for and on behalf of Silk, to execute (whether under the corporate seal of Silk or otherwise) and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, including, without limitation, the execution and filing of articles of amendment under the *Business Corporations Act* (Ontario), such determination to be conclusively evidenced by the execution and delivery of such documents or instruments and the taking of any such actions.”

## APPENDIX “C”

### NEW BY-LAW

#### BY-LAW NO. 2

A by-law relating generally to the transaction of the business and affairs of

#### SILK ENERGY LIMITED

**IT IS HEREBY ENACTED** as By-Law No. 2 of **SILK ENERGY LIMITED** (the **Corporation**) as follows:

#### **1. Interpretation**

##### **1.1 Definition**

In this by-law, **Act** means the *Business Corporations Act* (Ontario) and the regulations made thereto, as from time to time amended, and every statute that may be substituted therefor, and in the case of such amendment or substitution any reference to the Act in the by-laws of the Corporation refers to the amended or substituted provisions therefor.

##### **1.2 Conflict with the Act**

To the extent that there is any conflict between the provisions of the by-laws and the mandatory provisions of the Act, the provisions of the Act will govern.

#### **2. Directors**

##### **2.1 Place**

Meetings of directors may be held at the registered office of the Corporation or any other place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board of directors (the **board**) need not be held within Canada.

##### **2.2 Notice**

Subject to the provisions of any resolution of the board, meetings of the board may be called at any time by the chair of the board or the president or any vice-president who is a director or any two directors and notice of the time and place for holding any meeting of the board and the general nature of the business to be transacted thereat will be given by the person or persons calling the meeting or the secretary of the Corporation at least 24 hours prior to the time fixed for the meeting.

##### **2.3 Quorum**

The board may, from time to time, fix by resolution the quorum for meetings of the board of directors, but in no case may a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be. Until otherwise fixed, a majority of directors in office, from time to time, will constitute a quorum.

##### **2.4 First Meeting of the New Board**

For the first meeting of the board to be held following the election of directors at an annual or special meeting of the shareholders, or for a meeting of the board at which a director is appointed to fill a vacancy on the board, no notice of such

meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

## **2.5 Chair**

The chair of any meeting of the board shall be the first mentioned of the following officers who is a director and present at the meeting: the chair of the board, the chief executive officer or the president. If such persons are not present, the directors present will choose one of their number to be chair of the meeting.

## **2.6 Votes to Govern**

All questions arising at any meeting of the board will be decided by a majority of votes. In the case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote in addition to his or her original vote.

## **2.7 Nominations of Directors**

(a) Subject only to the Act and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (i) by or at the direction of the board, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (iii) by any person (a **Nominating Shareholder**) who: (A) at the close of business on the date of the giving of the notice provided for below in this Section 2.7 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) complies with the notice procedures set forth below in this Section 2.7.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely written notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation. To be timely, a Nominating Shareholder's written notice to the secretary of the Corporation must be made:

- (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 60 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the **Notice Date**) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's written notice as described above.

(c) To be in proper written form, a Nominating Shareholder's written notice to the secretary of the Corporation must set forth:

- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment

of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

- (ii) as to the Nominating Shareholder giving the written notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 2.7; provided, however, that nothing in this Section 2.7 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders on any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not made in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (e) For purposes of this Section 2.7:
  - (i) **public announcement** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation or its agents under its profile on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators, accessible at [www.sedar.com](http://www.sedar.com), or any successor database thereto; and
  - (ii) **Applicable Securities Laws** means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province of Canada.
- (f) Notwithstanding any other provision of this Section 2.7, notice given to the secretary of the Corporation pursuant to this Section 2.7 may only be given by personal delivery, facsimile transmission or, provided that the secretary of the Corporation has stipulated an email address for purposes of such notice, by email, and shall be deemed to have been given and made only at the time it is served to the secretary of the Corporation: (A) by personal delivery at the address of the principal executive offices of the Corporation; (B) by email at such email address as may be stipulated by the secretary of the Corporation from time to time; or (C) by facsimile transmission (provided that receipt of confirmation of such transmission has been received), provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made (for the purpose of determining whether the notice is timely) on the subsequent day that is a business day.
- (g) Notwithstanding the foregoing provisions of this Section 2.7, the board may, in its sole discretion, waive any requirement of this Section 2.7.

### 3. Indemnity

- (a) Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or any other individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity, of another entity against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative,

investigative or other proceeding to which he or she is made a party or involved in by reason of being or having been a director or officer of the Corporation or such other entity at the request of the Corporation or in a similar capacity, excluding any proceeding initiated by such individual other than to establish a right of indemnification.

- (b) The Corporation shall, to the full extent permitted by law, advance monies to an individual referred to above for costs, charges, and expenses of a proceeding referred to above provided such individual shall repay the monies advanced if the individual does not fulfill the conditions set out in the Act.
- (c) The Corporation is authorized to enter into agreements evidencing an indemnity in favour of the foregoing persons which agreements shall set out the terms and conditions of the indemnity. To the extent there is a conflict or inconsistency between this by-law and any such agreement, the terms of the agreement shall prevail.
- (d) The Corporation may purchase and maintain insurance against the risk of its liability to indemnify pursuant to this section.
- (e) The right of any person to indemnification granted by this by-law are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise.

## **4. Shareholders**

### **4.1 Chair, Secretary and Scrutineer**

The chair of any meeting of shareholders will be the first mentioned of such of the following persons who are present at the meeting: chair of the Corporation, chief executive officer, president or another director. If no such person is present within fifteen (15) minutes from the time fixed for holding the meeting, the persons present and entitled to vote will choose one of their number to be chair of the meeting. If present, the secretary of the Corporation shall be secretary of the meeting. If the secretary is absent, the chair of the meeting shall appoint another person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by the chair of the meeting.

### **4.2 Quorum**

A quorum of shareholders is present at a meeting of shareholders if two persons, each of whom is a shareholder or duly appointed proxy or representative for an absent shareholder, representing in the aggregate not less than 5% of the outstanding shares of the Corporation entitled to vote at a meeting of shareholders are present in person or represented by proxy at the start of any meeting of shareholders.

### **4.3 Votes to Govern**

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by the Act, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands, a poll, or by means of a telephonic, electronic or other communication facility, the chair of the meeting shall not be entitled to a second or casting vote.

### **4.4 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or by-laws of the Corporation to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

### **4.5 Meeting Held by Electronic Means**

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, virtual, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed to be present at the meeting. If the directors or shareholders call a meeting of shareholders, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act,

entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

## **5. Execution of Instruments**

### **5.1 Contracts, Documents or Instruments in Writing**

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by (a) the chair of the board or the president or a vice-president or the secretary or the treasurer, or (b) any two directors and all contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation may, when required, be affixed to contracts, documents and instruments in writing signed as aforesaid by an officer or officers or person or persons appointed as aforesaid by resolution of the board.

The terms **contracts, documents or instruments in writing** as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all other instruments of any nature whatsoever.

## **6. Repeal of Existing By-law No. 1**

As of the coming into effect of this By-Law No. 2, the existing By-law No. 1 of the Corporation made as of the 12<sup>th</sup> day of June, 2008, and confirmed as of the 12<sup>th</sup> day of June, 2008, is repealed. Such repeal does not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed will continue to act as if appointed under the provisions of this by-law.

## **7. Effective Date**

Subject to its confirmation by the shareholders in accordance with the Act, this by-law will come into force on the date approved by the board.

**ENACTED AND MADE** by the board of the Corporation as of the 16<sup>th</sup> day of December, 2020.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

At an Annual and Special Meeting of Shareholders held on \_\_\_\_\_, the shareholders of the Corporation confirmed By-Law No. 2 as a by-law of the Corporation.

\_\_\_\_\_  
President

## **APPENDIX “D”**

### **STOCK OPTION PLAN AMENDMENT RESOLUTION**

Capitalized terms used, but not otherwise defined, herein have the meanings given to them in the management information circular of Silk Energy Limited (“**Silk**”) dated as of December 16, 2020.

**“Be it resolved by ordinary resolution that:**

1. The amendments to the Corporation’s stock option plan, as more particularly described in the management information circular of the Corporation dated as of December 16, 2020, is hereby authorized and approved;
2. Notwithstanding that the shareholders of the Corporation have approved the amendments to the stock option plan, the board of directors of the Corporation is empowered to revoke, or refrain from giving effect to, any of such amendments if necessary to comply with the rules or requirements of any stock exchange on which the Corporation applies to list its common shares; and
3. Any officer or director of the Corporation, be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver all such documents and instruments and to do all such acts and things, as in his opinion may be necessary or desirable to give effect to the foregoing.”