

SCHEDULE "A"

CANACOL ENERGY LTD. CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, entitled "Disclosure of Corporate Governance Practices" ("NI 58-101") requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. Board of Directors

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

The following seven directors of the Corporation are independent (for purposes of NI 58-101):

Michael Hibberd
Stuart Hensman
David Winter
Gregory D. Elliot
Francisco Diaz Salazar
Alberto Jose Sosa Schlageter
Oswaldo Cisneros

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

Charle Gamba is not independent as he is the President and Chief Executive Officer of the Corporation.

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

A majority of the current directors of the Corporation (seven of the eight) are independent. All of the current directors of the Corporation are being nominated for election to the Board at the Meeting. Assuming all of the proposed director nominees are elected at the Meeting, a majority of the directors of the Corporation (seven of the eight) will be independent.

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

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

Director	Other Reporting Issuers
Charle Gamba	Horizon Petroleum plc. Ikkuma Resources Corp.
Michael Hibberd	Greenfields Petroleum Corporation Montana Exploration Corp. Pan Orient Energy Corp. PetroFrontier Corp. Sunshine Oilsands Ltd.
Stuart Hensman	CI Funds RIFCO Inc.
David Winter	Horizon Petroleum plc.
Alberto Jose Sosa Schlageter	C.A. Fábrica Nacional de Vidrio
Oswaldo Cisneros	C.A. Fábrica Nacional de Vidrio

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. Eight meetings of independent directors were held during the financial year ended December 31, 2016. In addition, other meetings of the independent directors may be held from time to time if required.

- (f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

Michael Hibberd is the current Chairman of the Board and is an independent director. In accordance with the mandate of the Chairman, the Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and is to, among other things, oversee all aspects of Board direction and administration, provide leadership to the Board and foster ethical and responsible decision making. The Chairman is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record of each of the directors of the Corporation for meetings and committee meetings held during the financial year ended December 31, 2016 was as follows:

Name	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Corporate Governance and Compensation Committee Meetings Attended / Held
Charle Gamba	8/8	N/A	3/3	N/A
Michael Hibberd	8/8	6/6	N/A	3/3
Stuart Hensman	8/8	6/6	N/A	3/3
David Winter	7/8	N/A	3/3	N/A
Gregory D. Elliot	7/8	N/A	3/3	N/A
Francisco Diaz Salazar	7/8	6/6	N/A	N/A
Alberto Jose Sosa Schlageter	6/8	N/A	N/A	3/3
Oswaldo Cisneros ⁽¹⁾	6/8	2/4	N/A	N/A
Jason Bednar ⁽²⁾	2/2	N/A	N/A	N/A

Note:

- (1) Mr. Cisnero was appointed to the Audit Committee on April 29, 2016.
- (2) Mr. Bednar did not stand for re-election to the Board at the Corporation's annual general and special meeting of shareholders held on April 29, 2016.

2. Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

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

3. Position Descriptions

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

The Board has developed written position descriptions for the Chairman and for the chair of each of the Audit Committee, Corporate Governance and Compensation Committee and the Reserves Committee.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board, with the input of the President and Chief Executive Officer of the Corporation, has developed a written position description for the President and Chief Executive Officer.

4. **Orientation and Continuing Education**

- (a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

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

- (b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

No formal continuing education program currently exists for the directors of the Corporation. The Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

5. **Ethical Business Conduct**

- (a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct for directors, officers and employees (the "Code").

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

Each director, officer and employee of the Corporation has been provided with a copy of the Code and a copy of the Code may be obtained from Jason Bednar, Chief Financial Officer of the Corporation, at (403) 561-1648.

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

The Board monitors compliance with the Code by requiring that each of the employees and consultants of the Corporation affirm in writing on an annual basis

his or her agreement to abide by the Code, his or her ethical conduct during the year and disclosure with respect to any conflicts of interest. In addition, management is required to provide reports on compliance with the Code to the Board on a regular basis.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

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

- (b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

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

- (c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanisms by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment and theft in a confidential, anonymous process.

6. Nomination of Directors

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

The Board has not appointed a nominating committee. The Board determines new nominees to the Board although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members including both formal and informal discussions among the Board members and officers. It is anticipated that new candidates will be identified having regard to: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. See also items 11 and 12 below.

- (b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Board has not appointed a nominating committee. The Board as a whole is responsible for selecting nominees for election to the Board. The Board intends to periodically review the objectivity of the nomination process.

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

See item 6(a) above.

7. **Compensation**

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

See "INFORMATION CONCERNING THE CORPORATION – Statement of Executive Compensation – *Compensation Discussion and Analysis*" in respect of the officers of the Corporation and "INFORMATION CONCERNING THE CORPORATION – Director Compensation" in respect of the directors of the Corporation.

- (b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

The Corporate Governance and Compensation Committee is comprised of three independent directors.

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

The Corporate Governance and Compensation Committee has the responsibility for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation. As part of the mandate and responsibility of the Corporate Governance and Compensation Committee, it is responsible for formulating and making recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation. Without limiting the generality of the foregoing, the Corporate Governance and Compensation Committee has the following duties:

- (i) assisting the Board in establishing and monitoring the Corporation's corporate governance policies and practices to ensure they comply with applicable rules or guidelines provided by the securities regulators;
- (ii) preparing the Corporation's response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Corporation's governance system and policies and the recommended governance standards by securities regulators;
- (iii) proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities as well as changes in the Corporation's business environment and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;

- (iv) assisting the Board with an annual review of the Board and committee structure;
- (v) ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as directors of the Corporation;
- (vi) ensuring that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure as well as its communication and confidentiality requirements;
- (vii) ensuring that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business;
- (viii) developing and monitoring the Corporation's policies relating to trading in securities of the Corporation by insiders;
- (ix) annually reviewing areas of potential personal liability of directors and ensuring reasonable protective measures are in place;
- (x) causing the Board to annually review its definition of an "independent" director and establishing formal processes for determining the independence of the Board members as well as dealing with conflict of interest situations;
- (xi) developing written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;
- (xii) overseeing the development of terms of references for the committees of the Board and reviewing, or arranging for the review by appropriate committees, of such terms of references on an annual basis, and, in consultation with the other committees as appropriate, making recommendations to the Board as to changes to improve such terms of references;
- (xiii) developing clear position descriptions for the Chairman of the Board and the chair of each Board committee, and together with the CEO, developing a clear position description for the CEO, delineating roles and responsibilities between the Board and the executive officers;
- (xiv) assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- (xv) developing a comprehensive orientation and continuing education program for all directors;
- (xvi) monitoring the process for developing annual meeting planners for the Board and its committees to ensure compliance with the requirements of the Board's mandate and the committees' terms of references, respectively;
- (xvii) developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation;

- (xviii) considering the appointment of a nominating committee in respect of the recruitment of prospective directors (or the establishment of a nominating function within an existing Board committee) and if thought appropriate, developing a written charter or terms of reference for such committee in developing a process for selecting, recruiting and evaluating the performance of new directors;
- (xix) assisting the Board with the disclosure of the Corporation's corporate governance policies and practices in the Corporation's disclosure documents;
- (xx) reviewing and making recommendations with respect to the Corporation's overall human resources and compensation strategies including incentive-based and equity-based compensation plans and any material changes therein;
- (xxi) developing and making recommendations to the Board with respect to the appropriate compensation strategy for the non-executive members of the Board and annually reviewing the adequacy and form of the compensation strategy of non-executive directors to ensure that it properly aligns the interests of directors with the long-term interests of the Corporation and shareholders and that it realistically reflects the responsibilities and risks involved in being an effective director of the Corporation. The Corporate Governance and Compensation Committee shall report and make recommendations to the Board accordingly;
- (xxii) assisting the Board with the selection and appointment of the CEO of the Corporation;
- (xxiii) providing oversight to the appointment and termination of other executive officers of the Corporation;
- (xxiv) developing recommendations for the Board's approval of the framework or broad policy for the compensation of the CEO and other executive officers (including base compensation, short and long-term incentive-based compensation, equity-based-plans, benefit plans, pension and other retirement benefits);
- (xxv) considering and making recommendations to the Board in respect of the terms of the service contracts of the CEO and other executives and any proposed changes to these contracts and ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Corporation, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- (xxvi) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on this evaluation;
- (xxvii) monitoring the performance of other executive officers versus the approved strategies and objectives and provide oversight to the determination of the compensation of executive officers particularly with respect to incentive-based and equity-based compensation plans;
- (xxviii) as part of the annual review of the performance of the CEO and other executive officers, satisfying itself as to the integrity of the executive officers and the contribution of the executive officers in creating a culture of integrity throughout the organization, and reporting those determinations to the Board;

- (xxix) reviewing of executive compensation disclosure before the Corporation publicly discloses such information; and
- (xxx) assisting the Board in overseeing that succession planning programs are in place, including programs to appoint, set objectives, train, develop and monitor the performance of the officers and other key employees of the Corporation.

Pursuant to the mandate of the Corporate Governance and Compensation Committee, it is to be comprised of at least three directors of the Corporation and all of such members shall be independent. The Board is from time to time to designate one of the members of the Corporate Governance and Compensation Committee to be the Chair of the Corporate Governance and Compensation Committee. The Chairman of the Corporate Governance and Compensation Committee is Stuart Hensman.

The Corporate Governance and Compensation Committee meets at least two times per year and at such other times as the Chairman of the Corporate Governance and Compensation Committee determines.

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

Other than the Audit and Corporate Governance and Compensation Committees, the Corporation has established a Reserves Committee.

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), including:

- (a) review, with reasonable frequency, the procedures relating to the disclosure of information with respect to reserves and related oil and gas activities and the procedures for complying with the disclosure requirements and restrictions of NI 51-101;
- (b) review the appointment of the independent evaluator ("**Independent Evaluator**") under NI 51-101 and in the case of any proposed changes in such appointment, determine the reasons for the proposed changes and whether there have been disputes between the appointed Independent Evaluator and management;
- (c) in order to preserve the independence of the Independent Evaluator:
 - (i) recommend to the Board the Independent Evaluator to be engaged after considering their expertise, qualifications and independence;
 - (ii) recommend to the Board the compensation of the Independent Evaluator; and
 - (iii) meet with the Independent Evaluator in camera to discuss any issues arising from the evaluation process and their interaction with management;
- (d) review the scope of the annual review of the reserves by the Independent Evaluator considering industry practice and regulatory requirements;
- (e) evaluate the performance of the Independent Evaluator;

- (f) review, with reasonable frequency, the Corporation's procedures for providing information to the Independent Evaluator who reports on reserves data (as defined in NI 51-101 and hereinafter referred to as "**Reserves Data**") for the purposes of NI 51-101;
- (g) before approving the filing of the Reserves Data and the annual filings required by NI 51-101, meet with management and the Independent Evaluator in order to (i) determine whether any restrictions placed by management affect the ability of the Independent Evaluator to report on the Reserves Data without reservation; and (ii) review the Reserves Data and the report of the Independent Evaluator thereon;
- (h) review the annual filings required by NI 51-101 ("**Annual Filings**") and recommend approval of the contents and the filing of the Annual Filings to the Board;
- (i) review all disclosure made by or on behalf of the Corporation, which the Corporation knows or ought reasonably to know, is or will become available to the public and any document filed with a securities regulatory authority to ensure compliance with NI 51-101;
- (j) review with management press releases, as well as the substance of oil and gas reserves information provided to analysts and ratings agencies, which discussions may be general discussions of the type of information to be disclosed or the type of presentation to be made; and
- (k) consider and review with management, outside counsel, as appropriate, and, in the judgment of the Committee, such special counsel and other consultants and advisors as the Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's oil and gas reserves.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Corporation has a formal process in place for assessing the Board, its committees and individual Board members. As part of such process, each Board member is required to complete, on an annual basis, an interview with either the Chairman of the Board or the Corporate Governance and Compensation Committee or a detailed questionnaire related to the performance of the Board, its committees and the members thereof.

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

The Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of the Corporation. Therefore, it has not specifically adopted term limits or other mechanisms for Board renewal.

However, when considering nominees for the Board, the Board reviews the skills and experience of the current directors with the objective of recommending a group of directors that can best perpetuate the Corporation's success and represent shareholder interests through the exercise of sound judgment and the application of its diversity of experience. The Board also considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. In addition, the Board also assesses the knowledge, experience and character of all nominees to the

Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Board also considers whether the individual will enhance the diversity of views and experiences available to the Board in its deliberations.

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

The Board has adopted a written discrimination and diversity policy (the "**Diversity Policy**"). The Corporation recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at the Board level as an essential element in maintaining its competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, gender and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments to the Board are made on merit, in the context of the skills and experience the Board as a whole requires to be effective. The Corporate Governance and Compensation Committee oversees the conduct of the annual review of Board effectiveness and monitors compliance with the Diversity Policy.

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

In reviewing Board composition, the Corporate Governance and Compensation Committee considers the benefits of all aspects of diversity including, but not limited to, those described in item 11 above, in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the Corporate Governance and Compensation Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. As part of the annual performance evaluation of the effectiveness of the Board, committees of the Board and individual directors, the Corporate Governance and Compensation Committee considers the balance of skills, experience, independence and knowledge of the Corporation on the Board and the diversity of the Board.

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

The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

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

The Corporation has not imposed quotas or targets regarding the representation of women on the Board and in executive officer positions. The Board believes that imposing quotas or targets regarding the representation of women in executive officer positions would compromise the principles of meritocracy and its overall philosophy of equal opportunity and diversity. However, the Board does understand and appreciate the importance of gender equality and diversification and considers this when recruiting for a Board appointment or executive officer position.

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

Presently, there are no women serving on the Board or in executive officer positions.