

2.4 Approval of Unallocated Entitlements under the Stock Option Plan

Shareholders will be asked at the Meeting to pass an ordinary resolution approving the unallocated options under the Corporation's stock option plan (the "**Stock Option Plan**") for the three-year period commencing following the Meeting. Rule 613(a) of the Toronto Stock Exchange Company Manual (the "**TSX Manual**") requires that every three years after institution of a security-based compensation arrangement that does not have a fixed maximum number of securities issuable, all unallocated options, rights or other entitlements under that security-based compensation arrangement must be approved by a majority of the listed issuer's directors and shareholders. The Stock Option Plan was last approved by Shareholders on May 13, 2021 at Cathedral's annual and special meeting for the year ended December 31, 2020.

Pursuant to the TSX Manual, listed issuers are permitted to have unallocated stock options under security based compensation arrangements that do not have a fixed number of securities issuable re-load to the security-based compensation plan. The Stock Option Plan is a reloading plan, as the number of authorized but unissued Common Shares that may be subject to stock options granted under the Stock Option Plan is ten percent (10%) of the number of issued and outstanding Common Shares from time to time.

Cathedral has 239,663,990 Common Shares outstanding as at the date hereof and therefore pursuant to the Stock Option Plan is able to grant Options to purchase up to 23,966,399 Common Shares. As at the date hereof, Cathedral has granted options to acquire 22,593,700 Common Shares, representing approximately 9.43% of the issued and outstanding Common Shares, resulting in 1,372,699 unallocated stock option entitlements being currently available for grant under the Stock Option Plan, representing approximately 0.57% of the issued and outstanding Common Shares. Accordingly at the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve unallocated option entitlements under the Stock Option Plan. See "Statement of Executive Compensation – Stock Option Plan" herein for a more detailed description of the Stock Option Plan.

Cathedral believes that its Stock Option Plan is an important element of its total compensation program to enable it to provide a competitive compensation package to its staff and officers. In addition, Cathedral is aware that many of its senior staff, including its officers, joined Cathedral because they believe in its business plan and wish to participate in the equity upside which they believe exists with Cathedral. The elimination of such opportunity would, in the opinion of Cathedral, materially hamper Cathedral's ability to retain a significant portion of its senior staff, and impede its ability to hire new staff in the future.

For the foregoing reasons, by resolution dated March 26, 2024, the directors of Cathedral approved the renewal of all unallocated stock options under the Stock Option Plan, with the next such renewal required on or before May 9, 2027. The Board recommends that Shareholders vote in favour of this resolution.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Cathedral Energy Services Ltd. ("**Cathedral**") that:

(a) All unallocated stock option entitlements under the Cathedral stock option plan (the "**Stock Option Plan**") are hereby authorized and approved;

(b) Cathedral be and is hereby authorized to continue granting options under the Stock Option Plan until May 9, 2027, being the date that is three years from the date of this shareholder approval of unallocated option entitlements under the Stock Option Plan; and

(c) Any one director or officer of Cathedral be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolution."

Pursuant to the requirements of the TSX, the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. Previously allocated stock options will continue unaffected by the approval or disapproval of the foregoing resolution. Previously granted stock options will not be available for reallocation if they are cancelled or terminated prior to exercise and the foregoing resolution is not approved. If the foregoing resolution is not approved, there will be no further stock options granted pursuant to the Stock Option Plan.

A copy of the Stock Option Plan will be made available to any Shareholder upon request. Unless otherwise directed, it is the intention of the persons designated in the Form of Proxy to vote proxies in favour of the above resolution.

The Board of Cathedral recommends that shareholders vote FOR the approval of the unallocated entitlements under the Stock Option Plan.