



**INFORMATION CIRCULAR**  
**(as at April 17, 2014, except as otherwise indicated)**

**Solicitation of Proxies**

This Information Circular is furnished in connection with the solicitation of proxies by Canyon Services Group Inc. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of the Corporation (the “**Common Shares**”) to be held on Wednesday, May 21, 2014, at 10:00 a.m. (Calgary time) at The Petroleum Club, Cardium Room, 319 – 5th Avenue S.W., Calgary, Alberta T2P 0L6, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of meeting (the “**Notice of Meeting**”). Proxies must be delivered to Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting. The disclosure in this Information Circular is given as at April 17, 2014, unless otherwise indicated. All dollar amounts and references to “\$” in this Information Circular are in Canadian dollars.

The form appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed Form of Proxy are directors and officers of the Corporation. A Shareholder submitting the proxy has the right to appoint a person (who need not be a Shareholder) to represent him or her at the Meeting other than the persons designated in the enclosed Form of Proxy. To exercise this right, the Shareholder should insert the name of the desired representative in the blank space provided in the Form of Proxy and strike out the other names, or submit another appropriate proxy. Such Shareholder should notify the nominee of his or her appointment, obtain his or her consent to act as proxy and should instruct him as to how the Shareholder’s Common Shares are to be voted. In any case, the Form of Proxy should be dated and executed by the Shareholder or his or her attorney duly authorized in writing.**

**Revocability of Proxy**

A Shareholder who has submitted a proxy may revoke it at any time prior to the Meeting. If a person who has given a proxy attends at the Meeting in person at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, and upon either of such deposits, the proxy is revoked.

**Persons Making the Solicitation**

**The solicitation is made on behalf of the Corporation by management.** The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the administrator, who may be remunerated therefor.

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements may be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held at the date of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

### **Exercise of Discretion by Proxy**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of such instructions, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Form of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Form of Proxy and Notice of Meeting.**

At the time of printing this Information Circular, management knew of no such amendment, variation or other matter.

### **Notice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting.** If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

There are two ways to vote Common Shares held by your broker or nominee. Applicable regulatory policy requires intermediaries or brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Each intermediary or broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to its registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form (“**Voting Instruction Form**”) in lieu of the form of proxy. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form by mail, facsimile, internet or call a toll-free number to give voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form may not be able to use that Voting Instruction Form to vote Common Shares directly at the Meeting. In order to have Common Shares voted by a Voting Instruction Form, it must be returned as directed by Broadridge well in advance of the Meeting. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or Voting Instruction Form provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker. In this case, do not otherwise complete the form of proxy or Voting Instruction Form as your vote will be taken at the Meeting.

The Corporation is not using “notice-and-access” to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. The Corporation will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders through their intermediaries.

All references to Shareholders in this Information Circular and the accompanying notice of meeting and form of proxy are to registered Shareholders unless specifically stated otherwise.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The board of directors of the Corporation (the “**Board**”) has fixed April 17, 2014 as the record date (the “**Record Date**”) for the Meeting. Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment or postponements thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (“**Preferred Shares**”), issuable in series. As at April 17, 2014, 62,905,579 Common Shares and nil Preferred Shares were issued and outstanding as fully-paid and non-assessable.

To the best of the knowledge of the directors and executive officers of the Corporation, there is no person or corporation which beneficially owns, or controls or directs, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to the issued and outstanding Common Shares which may be voted at the Meeting.

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

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution other than the special resolution to amend the articles of incorporation which requires 66 <sup>2</sup>/<sub>3</sub>% of the votes cast by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. Presentation of Financial Statements**

The Board has approved the audited comparative financial statements of the Corporation for the fiscal year ended December 31, 2013 (the “**Annual Financial Statements**”). Financial information related to the Corporation for the year ended December 31, 2013 is provided in the Annual Financial Statements and the related management’s discussion and analysis (“**MD&A**”). Copies of such documents are available on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com)

#### **2. Election of Directors of the Corporation**

The affairs of the Corporation are managed by the Board. Members of the Board are elected at each annual meeting of Shareholders and hold office until the next annual meeting, or until their successors are duly elected or appointed or until a director vacates his or her office or is replaced in accordance with the by-laws of the Corporation.

In the event that the number of Common Shares voted in favour of the election of a particular director nominee at the Meeting is less than the number of Common Shares voted and withheld from voting for that nominee, the matter will be referred to the Board’s Corporate Governance and Compensation Committee. See “*Majority Voting for Directors*” below.

## **Majority Voting for Directors**

The Board has adopted a policy stipulating that if the number of Common Shares voted in favour of the election of a particular director nominee at a Shareholders' meeting is less than the number of Common Shares voted and withheld from voting for that nominee, the nominee will submit his or her resignation to the Board promptly following the Meeting, with the resignation to take effect upon acceptance by the Board. The Corporate Governance and Compensation Committee will consider the director nominee's offer to resign and will make a recommendation to the Board as to whether or not to accept the resignation. The Corporate Governance and Compensation Committee will be expected to accept the resignation except in special circumstances requiring the applicable director to continue to serve on the Board. In consideration whether or not to accept the resignation, the Corporate Governance and Compensation Committee will consider all factors that it deems relevant including, without limitation, the stated reasons why Shareholders "withheld" votes from the election of that nominee, the existing Board composition, the tenure and the qualifications of the director whose resignation has been tendered, the director's past and expected contributions to the Corporation, the Corporation's corporate governance policies and such other skills and qualities as the Corporate Governance and Compensation Committee deems to be relevant.

The Board will consider the Corporate Governance and Compensation Committee's recommendation and make a decision as to whether to accept the director's offer to resign within 90 days of the Meeting, which it will announce by way of a press release, including, if the Board elects, the reasons for rejecting the resignation offer. In considering whether to accept the director's offer of resignation, the Board will consider the factors considered by the Corporate Governance and Compensation Committee and such additional factors it considers to be relevant. No director who is required to tender his or her resignation shall participate in the deliberations or recommendations of the Corporate Governance and Compensation Committee or the Board.

If a director's offer of resignation is accepted, subject to any corporate law restrictions, the Board may leave the resultant vacancy unfilled until the next annual meeting of Shareholders. Alternatively, at the Board's discretion, it may fill the vacancy through the appointment of a new director whom the Board considers appropriate or it may call a special meeting of Shareholders at which there will be presented nominees supported by the Board to fill the vacant position or positions. The foregoing policy does not apply in circumstances involving contested director elections.

## **Director Nominees**

At the Meeting, a board of seven directors will be proposed for election. The persons named below have been nominated for election and have consented to such nomination. Management is not aware of any reason why any of the nominees named herein would be unable or unwilling to serve as a director. However, if a nominee is not available to serve at the time of the Meeting, and unless otherwise specified (including by a Shareholder direction to withhold a vote), the persons named in the instrument of proxy may vote in favour of a substitute nominee or nominees selected by the directors or management of the Corporation.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Corporation and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction.

<b>Name and Municipality of Residence</b>	<b>Number of Common Shares Beneficially Owned (directly or indirectly)</b>	<b>Offices Held and Date Appointed<sup>(4)</sup></b>	<b>Principal Occupation During the Past 5 Years</b>
Bradley P.D. Fedora <sup>(3)</sup> Alberta, Canada	822,700	President (September 1, 2007), Chief Executive Officer (November 13, 2009) and Director (April 9, 2008)	President of the Corporation since September 2007 and Chief Executive Officer since November 2009. Principal in the Corporate Finance group of Peters & Co. Limited, a full service investment banking firm since 2000.
Stan G.P. Grad Alberta, Canada	2,500,555	Director (April 8, 2004)	President of Soderglen Ranches Ltd., a private ranching company since 1996.
Raymond P. Antony <sup>(1)(2)</sup> Alberta, Canada	40,000	Chairman (May 27, 2011)  Director (September 7, 2004)	Self-employed businessman since August 2006.
Neil M. MacKenzie <sup>(3)</sup> Alberta, Canada	132,000	Director (February 4, 2009)	Director and Partner of Blackstone Fluids since 2010. Director and Vice-president of Newpark Drilling Fluids Canada Inc., a subsidiary of Newpark Resources, Inc., an international oil and gas services company, from 1998 to 2009.
Michael Scott Ratushny <sup>(1)</sup> Alberta, Canada	35,000	Director (May 26, 2011)	Chairman and Chief Executive Officer of Cardinal Energy Ltd., a public oil and gas company. Chairman and Director of Enseco Energy Services Corp., a public oil and gas services company, since 2006. Chairman, Chief Executive Officer and Director of Midway Energy Ltd., an oil and gas production, exploration and development company, from July 2009 to April 2012.
Miles Lich <sup>(5)</sup> Alberta, Canada	5,600	Director (May 22, 2013)	Co-Founder and Managing Director of Northern Plains Capital Ltd. a private company since September 2005.
Ken Mullen <sup>(2)(3)</sup> Alberta, Canada	Nil	Director (March 17, 2014)	President and Chief Executive Officer of Savanna Energy Services Corp. since its formation in 2003.

**Notes:**

(1) Member of Audit Committee.

- (2) Member of Corporate Governance and Compensation Committee.
- (3) Member of Health, Safety and Environment Committee.
- (4) All directorships expire at the next annual general meeting of Shareholders. All officers hold office at the pleasure of the Boards.
- (5) As Richard E. Peterson will not be standing for re-election to the Board at the Meeting, the Board anticipates appointing Mr. Mullen to fill Mr. Peterson's positions on the Corporate Governance and Compensation and Health, Safety and Environment Committees, respectively. Mr. Mullen is considered an independent director.

None of the proposed nominees for election as a director of the Corporation are proposed for election pursuant to any arrangement or understanding between the nominee and any other person.

### **Corporate Cease Trade Orders or Bankruptcies**

Neil M. MacKenzie was a director of BakBone Software Incorporated ("**BakBone**") from 2000 until 2011. In October 2004, BakBone announced that, in conjunction with a change of accountants, it would not be in a position to file its quarterly report on Form #10-Q for the September 30, 2004 period and consequently, on December 4, 2004, each of the Alberta, British Columbia and Ontario Securities Commissions issued cease trade orders against BakBone to the effect that all trading in the securities of BakBone cease until it filed its financial statements in accordance with Canadian securities legislation. BakBone subsequently filed its outstanding financial statements and announced on April 28, 2009 that the cease trade orders were lifted.

Other than set out above, no proposed director is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular:

- (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to: (A) a cease trade order; (B) an order similar to a cease trade order; or (C) an order that denied the relevant company access to any exemption under securities legislation; that was in effect for a period of more than 30 consecutive days that was issued:
  - (i) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

No proposed director has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with credits, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties or Sanctions**

No proposed director has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

### **3. Appointment and Remuneration of Auditors**

At the Meeting, Shareholders will be asked to pass a resolution appointing KPMG LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual meeting of Shareholders or until the firm of KPMG LLP is removed from office or resigns as provided by law or by the Corporation's by-laws and to authorize the Board to fix the remuneration to be paid thereto. KPMG LLP was initially appointed as the auditor of the Corporation on October 7, 2005.

### **4. Adoption of New By-Laws including Advance Notice Provisions**

On March 6, 2014, the Board approved adopting new by-laws of Corporation in the form attached as **Appendix "A"** to this Information Circular (the "**New By-Laws**"), subject to Shareholder approval. The New By-Laws would incorporate advance notice provisions with respect to director nominations in certain circumstances, increase the quorum required for the transaction of business at meetings of Shareholders, authorize the Board to determine the number of directors and implement certain other changes of a "house-keeping" nature. The adoption of the New By-Laws must be approved by the Shareholders at the Meeting in order to take effect.

#### **Advanced Notice Provisions**

The New By-Laws would incorporate advance notice provisions with respect to director nominations. The New By-Laws set forth a procedure requiring advance notice to the Corporation by any Shareholder who intends to nominate any person for election as a director of the Corporation other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act (Alberta)* (the "**ABCA**"); or (ii) a Shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the advance notice provisions set a deadline by which such Shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of Shareholders at which directors are to be elected and set forth the information that the Shareholder must include in the notice for it to be valid.

The Board believes that the advance notice provisions provide a clear and transparent process for all Shareholders to follow if they intend to nominate directors. In that regard, the advance notice provisions provide a reasonable time frame for Shareholders to notify the Corporation of their intention to nominate directors and require Shareholders to disclose information concerning the proposed nominees that is mandated by applicable securities laws. The Board will be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Corporation. The advance notice provisions are also intended to facilitate an orderly and efficient meeting process.

In the case of an annual general meeting of Shareholders, notice to the Corporation must be made not less than 30 and not more than 65 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 of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement. 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), notice to the Corporation must be made not later than the close of business on the fifteenth day following the date on which the first public announcement of the date of the special meeting of Shareholders was made.

#### **Quorum Requirements**

The New By-Laws would require at least two persons present holding or representing by proxy not less than 15% of the outstanding shares of the Corporation entitled to vote at the meeting for the transaction of business at any meeting of the Shareholders.

### **Determining the Number of Directors**

The New By-Laws would authorize the Board to determine the number of directors by resolution without Shareholder approval where the articles of the Corporation provide for a minimum and maximum number of directors. The foregoing authority remains subject to the requirement under the ABCA that the Board may only appoint additional directors between meetings of Shareholders, if after such appointment, the total number of directors would not be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of Shareholders.

The foregoing is only a summary of the principal provisions of the New By-Laws and is qualified by reference to the full text of the New By-Laws attached as **Appendix “A”** to this Information Circular. The New By-Laws would also implement certain changes of a “house-keeping” or immaterial nature. Shareholders are urged to review the New By-Laws in their entirety.

### **Shareholder Approval**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution confirming the adoption of the New By-Laws, subject to such amendments, variations or additions as may be approved at the Meeting:

#### **“BE IT RESOLVED THAT:**

1. the repeal of the current by-laws of the Corporation and the adoption of the new by-laws of the Corporation attached as **Appendix “A”** to the information circular of the Corporation dated April 17, 2014 are hereby ratified, confirmed and approved; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

### **Recommendation of the Board**

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

### **5. Approval of Unallocated Options under the Corporation’s Stock Option Plan**

#### **General**

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer’s directors and by the issuer’s security holders. As the Corporation’s Stock Option Plan (the “**Option Plan**”) is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Option Plan is not a fixed number, but is instead equal to 10% of the outstanding Common Shares (together with Common Shares issuable pursuant to the Corporation’s Stock Based Compensation Plan (the “**Stock Based Compensation Plan**”)), approval is being sought at the Meeting to approve the grant of unallocated options (“**Options**”) under the Option Plan. Options are considered to be “allocated” under the Option Plan when issued and Options which remain available for grant under the Option Plan are referred to as “unallocated”.

As at the date hereof, there were 3,849,073 Options issued and outstanding, representing approximately 6% of the outstanding Common Shares. Accordingly, 2,441,484 Options remain unallocated and available for grant under the Option Plan (less the number of Common Shares which may be issued pursuant to the Incentive Based Compensa-

tion Plan). A complete description of the Option Plan is contained under the heading "*Executive Compensation – Incentive Plan Awards – Option Plan*" in this Information Circular.

### **Shareholder Approval**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution approving the unallocated Options issuable pursuant to the Option Plan:

#### **“BE IT RESOLVED THAT:**

1. all unallocated options under the stock option plan of the Corporation are hereby approved;
2. the Corporation shall have the ability to continue granting options under the stock option plan of the Corporation until May 21, 2017, being the date that is three years from the date hereof; and
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Options under the Option Plan until May 21, 2017. If approval is not obtained at the Meeting, Options which have not been allocated as of May 21, 2014, and Options which are outstanding as of May 21, 2014, and which are subsequently cancelled, terminated or exercised, will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the Corporate Governance and Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

### **Recommendation of the Board**

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

## **6. Approval of Unallocated Incentive Based Units under the Corporation’s Stock Based Compensation Plan**

### **General**

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer’s directors and by the issuer’s security holders. As the Stock Based Compensation Plan is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Stock Based Compensation Plan is not a fixed number, but is instead equal to 5% of the outstanding Common Shares, approval is being sought at the Meeting to approve the grant of unallocated incentive based units (“**Incentive Based Units**”) under the Stock Based Compensation Plan. Incentive Based Units are considered to be “allocated” under the Stock Based Compensation Plan when issued and Incentive Based Units which remain available for grant under the Stock Based Compensation Plan are referred to as “unallocated”.

As at the date hereof, there were 513,738 Incentive Based Units issued and outstanding, representing approximately 0.8% of the outstanding Common Shares. Accordingly, 2,631,540 Incentive Based Units remain unallocated and available for grant under the Stock Based Compensation Plan (subject to reduction pursuant the provisions of the Option Plan, discussed above, which effectively limits the aggregate number of Common Shares available to be re-

served for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and Options, to 10% of the issued and outstanding Common Shares). A complete description of the Stock Based Compensation Plan is contained under the heading "*Executive Compensation – Incentive Plan Awards – Stock Based Compensation Plan*" in this Information Circular.

### **Shareholder Approval**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution approving the unallocated Incentive Based Units issuable pursuant to the Stock Based Compensation Plan:

#### **“BE IT RESOLVED THAT:**

1. all unallocated incentive based units under the stock based compensation plan of the Corporation are hereby approved;
2. the Corporation shall have the ability to continue granting incentive based units under the stock based compensation plan of the Corporation until May 21, 2017, being the date that is three years from the date hereof; and
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Incentive Based Units under the Stock Based Compensation Plan until May 21, 2017. If approval is not obtained at the Meeting, Incentive Based Units which have not been allocated as of May 21, 2014, and Incentive Based Units which are outstanding as of May 21, 2014, and which are subsequently cancelled, terminated or exercised, will not be available for a new grant of Incentive Based Units under the Stock Based Compensation Plan. Previously allocated Incentive Based Units will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the Corporate Governance and Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

### **Recommendation of the Board**

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

## **7. Amendment to the Articles to Increase the Maximum Number of Directors**

### **General**

Presently, the amended and restated articles of incorporation of the Corporation (the “**Articles**”) allow for a maximum of seven (7) directors to act for the Corporation at any one time. In order to provide the Corporation with additional flexibility to add a new director, assuming a suitable candidate became available, without having to remove an existing director, it is being proposed that the maximum number of directors permitted be increased to ten (10).

### **Shareholder Approval**

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass the following special resolution approving an amendment to the Articles:

**“BE IT RESOLVED THAT:**

1. the Articles of the Corporation be amended to provide that the maximum number of directors permitted be increased to ten (10); and
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this special resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

**Recommendation of the Board**

To be adopted the foregoing special resolution must be approved by not less than 66 <sup>2</sup>/<sub>3</sub>% of the votes cast by Shareholders present in person or by proxy at the Meeting. The Board unanimously recommends that Shareholders vote FOR the foregoing special resolution.

**8. Other Matters**

As of the date of this Information Circular, management knew of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, proxies will be voted on such matter in accordance with the best judgement of the person or persons voting the proxies.

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

Compensation of the executive officers of the Corporation is reviewed annually by the Corporate Governance and Compensation Committee and is subsequently approved by the Board based on the recommendation of the Corporate Governance and Compensation Committee. During the most recently completed financial year, the members of the Corporate Governance and Compensation Committee were Raymond P. Antony, Miles Lich and Richard E. Peterson, all of whom were considered to be independent directors.

**Risk Mitigation**

The Corporation recognizes that certain compensation programs could promote unintended behaviours that may, in certain circumstances, be misaligned with the Shareholders’ interests. Such behaviours could be problematic at any level of the organization; however, they could potentially have a greater impact on the entire organization if exhibited by executive officers of the Corporation. The Corporation seeks to ensure, through the structure of its compensation programs, that executive actions and decisions align with the interests of the Corporation and the Shareholders. There are additional risks that the Corporation is typically subject to; however, this discussion focuses solely on risks linked to the Corporation’s executive compensation programs.

Elements of the Corporation’s mitigation of behavioural risk are embedded in its compensation processes and executive compensation design.

*Process Elements*

- The Corporate Governance and Compensation Committee plays an important role in assessing behavioural risk mitigation by reviewing the Corporation’s compensation program design, approving compensation awards and analyzing market data to ensure that the Corporation’s compensation structure promotes the intended behaviours. Members of the Corporate Governance and Compensation Committee meet at least

three times per year to review both executive compensation and human resources issues generally, with one of the meetings focused predominately on executive compensation.

- A regular review of proxy materials and compensation survey data analysis identifies whether the Corporation's compensation programs are deviating significantly from market practices.

#### *Compensation Design Elements*

- A significant portion of the Corporation's executive officer compensation package is comprised of "at risk" elements (i.e., option-based awards, share-based awards and short-term incentive bonus). This "at risk" compensation aligns executive officer and Shareholder interests mainly because lower shareholder returns adversely impact the calculation of the short and long-term incentives.
- Minimum shareholding requirements for the Corporation's executive officers ensure that the executive are also Shareholders and, therefore, more aligned with the Shareholders' interests.
- Three year vesting of various compensation elements ensure a focus on both immediate performance and longer term value creation.

Pursuant to the Corporation's policies, directors and executive officers are not permitted to purchase financial instruments (including, for greater certainty, puts, options, calls, prepaid variable formal contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a change in the market value of Common Shares or other securities of the Corporation held by a director or an executive officer.

#### *Elements of Compensation*

The compensation of the Corporation's executives consists principally of a base salary. Executives are also eligible to participate in the Option Plan and the Stock Based Compensation Plan, see "*Incentive Plan Awards*" below. In addition, executives may be granted cash bonuses as recommended by the Corporate Governance and Compensation Committee and authorized by the Board from time to time.

While there is not a specific "peer group" of companies that is used by the Board and the Corporate Governance and Compensation Committee when setting compensation levels, their objective in setting compensation levels is that the aggregate compensation received by executive officers be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size. In setting such levels, the Board and the Corporate Governance and Compensation Committee rely on their own experience and knowledge as well as compensation data compiled from public sources of information.

Executive officer and certain employee compensation have the following major elements: (1) base salaries; (2) bonuses; (3) Options; and (4) Incentive Based Units.

**Base salaries** – The Corporation's view of base salaries is that they should be competitive with industry peers, to the extent that can be determined, and with other public companies having similar assets, number of employees, market capitalization and profit margin.

**Bonuses** – Bonuses are offered as short-term incentives and are generally based on achieving exceptional corporate performance, based on certain measures as discussed in more detail below. The Corporate Governance and Compensation Committee may also base a component of a bonus award on the individual's personal performance.

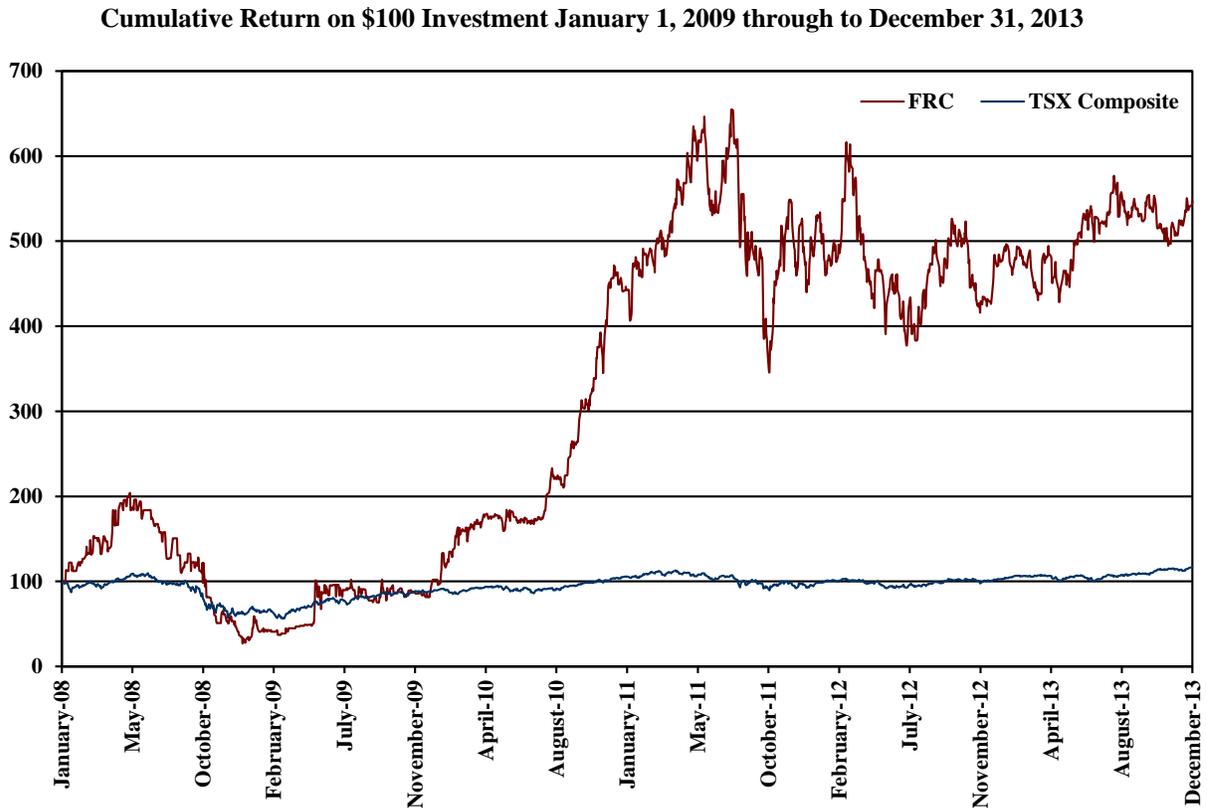
**Options** – Pursuant to the Option Plan, the Board grants Options to directors, executive officers, other employees and consultants as incentives intended to align the individuals' and shareholders' interests in the long term. Group effort resulting in overall corporate performance provides the potential for significant rewards through the grant of Options and this is based, in part, on the measures discussed in more detail below. The Corporation emphasizes Options in executive compensation as they allow the executive to

share in corporate results in a manner which is relatively cost-effective despite the effects of treating Options as a compensation expense. The President recommends Option grants to senior management, other employees and consultants. The Corporate Governance and Compensation Committee recommend grants to senior executives.

**Incentive Based Units** – Under the Stock Based Compensation Plan, Incentive Based Units may be issued to any director, officer, employee or consultant of the Corporation or any subsidiaries thereof to provide an incentive to, and encourage an equity participation in the Corporation by, key personnel of the Corporation and any subsidiaries thereof. Each Incentive Based Unit is a right granted to the participant to acquire one Common Share for no further consideration or payment by such participant. The Corporation views the grants of Incentive Based Units as an effective manner to reward those individuals who contribute to the success of the Corporation, while giving the Corporation the flexibility to replace or supplement any annual cash bonuses paid by the Corporation in order to retain funds for other purposes. The President recommends Incentive Based Unit grants to senior management, other employees and consultants. The Corporate Governance and Compensation Committee recommend grants to senior executives.

### Performance Graph

The following graph compares the change in cumulative Shareholder return for the period January 1, 2009 and ending on December 31, 2013 (assuming a \$100 investment was made on January 1, 2009) on the Common Shares with the cumulative total return of the S&P/TSX Composite Index from January 1, 2009 to December 31, 2013:



The trend shown in the above graph does not necessarily correspond to the Corporation's compensation to its Named Executive Officers (as defined hereinafter) for the period ended December 31, 2013 or for any prior fiscal periods. The Corporation's executive compensation is reviewed annually and set by the Board upon the recommendation of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the demand for and supply of skilled professionals in the oil and gas and

oil and gas service industries generally, individual performance, the Corporation's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX) and other factors discussed under "Compensation Discussion and Analysis" above. The trading price of the Common Shares on the TSX is subject to fluctuation based on several factors, many of which are outside the control of the Corporation. These include, but are not limited to, fluctuations and volatility in commodity price markets for oil and natural gas and natural gas liquids, input costs relating to products used in connection with the Corporation's services, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading "Risk Factors" in the MD&A and the annual information form of the Corporation dated March 7, 2014. The Corporation also examines and considers executive compensation levels of companies of similar size, many of which do not necessarily correspond to the market or trading price of such companies' securities.

### Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 ("Statement of Executive Compensation" or "Form 51-102F6")) sets forth the total compensation for services in all capacities to the Corporation for the last three financial years (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the Chief Executive Officer and the Chief Financial Officer of the Corporation as at December 31, 2013 and the other three most highly compensated executive officers of the Corporation as at December 31, 2013 whose individual total compensation for the most recently completed financial year exceeded \$150,000 or any individual who would have satisfied this criteria but for the fact that individual was not serving as such an officer at the end of the most recently completed financial year (collectively the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(2)</sup> (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation <sup>(13)</sup> (\$)	Total Compensation (\$)
					Annual incentive plans <sup>(12)</sup> (\$)	Long-term incentive plans (\$)			
<b>Bradley P.D. Fedora</b> <sup>(1)</sup> President and Chief Executive Officer	2013	400,000	334,140	333,398 <sup>(4)</sup>	266,300	Nil	Nil	3,969	1,337,807
	2012	400,000	165,194	203,660 <sup>(7)</sup>	423,800	Nil	Nil	3,636	1,196,290
	2011	325,000	Nil	262,805 <sup>(10)</sup>	484,000	Nil	Nil	3,710	1,075,515
<b>Barry O'Brien</b> Vice President, Finance and Chief Financial Officer	2013	300,000	187,808	191,152 <sup>(5)</sup>	159,800	Nil	Nil	5,000	843,760
	2012	300,000	101,928	124,973 <sup>(8)</sup>	293,400	Nil	Nil	5,000	825,301
	2011	255,000	Nil	176,722 <sup>(11)</sup>	297,000	Nil	Nil	2,500	731,222
<b>A.J. (Joseph) Peskunowicz</b> Executive Vice President, Corporate	2013	300,000	187,808	191,152 <sup>(5)</sup>	159,800	Nil	Nil	8,969	847,729
	2012	300,000	101,928	124,973 <sup>(8)</sup>	293,400	Nil	Nil	8,636	828,937
	2011	255,000	Nil	176,722 <sup>(11)</sup>	297,000	Nil	Nil	3,710	732,432
<b>Todd Thue</b> Chief Operating Officer	2013	300,000	187,808	191,152 <sup>(5)</sup>	159,800	Nil	Nil	8,969	847,729
	2012	300,000	101,928	124,973 <sup>(8)</sup>	293,400	Nil	Nil	8,636	828,937
	2011	255,000	Nil	176,722 <sup>(11)</sup>	297,000	Nil	Nil	6,210	734,932

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(2)</sup> (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation <sup>(13)</sup> (\$)	Total Compensation (\$)
					Annual incentive plans <sup>(12)</sup> (\$)	Long-term incentive plans (\$)			
Chuck Vozniak Vice President, Technical Services	2013	275,000	70,206	73,162 <sup>(6)</sup>	95,100	Nil	Nil	Nil	513,468
	2012	199,022	147,913	304,499 <sup>(9)</sup>	119,300	Nil	Nil	1,600	772,334

**Notes:**

- (1) Mr. Fedora is a director of the Corporation but was not compensated by the Corporation for his services in his capacity as director or committee member during the most recently completed financial year, other than reimbursement for out-of-pocket expenses for attending Board and committee meetings.
- (2) All values are as at December 31, 2013 and include only grants made in the referenced calendar year. Represents the fair value on the date of the grants of Incentive Based Units, see “*Incentive Plan Awards – Stock Based Compensation Plan*” below for a description of the Stock Based Compensation Plan. The grant date fair value has been calculated using an option pricing model as set out in Section 3870 of the CICA Handbook. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. Section 3870 of the CICA Handbook specifies the use of the Black-Scholes model or a binomial model. The key assumptions and estimates used for the calculation of the January 21, 2013 grant date fair value under this model include a risk-free interest rate of 1.25% to 1.50%, an expected life of five years for the Incentive Based Units, volatility of 50.26% and dividend yield of 5.43%. The key assumptions and estimates used for the calculation of the August 13, 2013 grant date fair value under this model include a risk-free interest rate of 1.32% to 1.96%, an expected life of five years for the Incentive Based Units, volatility of 50.26% and dividend yield of 5.11%. The key assumptions and estimates used for the calculation of the January 10, 2012 grant date fair value under this model include a risk-free interest rate of 1.06% to 1.36%, an expected life of five years for the Incentive Based Units, volatility of 54.03% and dividend yield of 2.08%. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with Section 3870 of the CICA Handbook.
- (3) All values are as at December 31, 2013 and include only grants made in the referenced calendar year. This represents the fair value on the date of grant of the Option award made under the Option Plan. See “*Incentive Plan Awards – Option Plan*” below for a description of the Option Plan. The grant date fair value has been calculated using an option pricing model as set out in Section 3870 of the CICA Handbook. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. Section 3870 of the CICA Handbook specifies the use of the Black-Scholes model or a binomial model. The key assumptions and estimates used for the calculation of the January 21, 2013 grant date fair value under this model include a risk-free interest rate of 1.16% to 1.25%, an expected life of five years for the Options, volatility of 50.41% and dividend yield of 5.43%. The key assumptions and estimates used for the calculation of the August 13, 2013 grant date fair value under this model include a risk-free interest rate of 1.20% to 1.32%, an expected life of five years for the Options, volatility of 50.41% and dividend yield of 5.11%. The key assumptions and estimates used for the calculation of the January 10, 2012 grant date fair value under this model include a risk-free interest rate of 1.03% to 1.06%, an expected life of five years for the Options, volatility of 54.03% and dividend yield of 2.08%. The key assumptions and estimates used for the calculation of the February 3, 2011 grant date fair value under this model include a risk-free interest rate of 2.15% to 2.61%, an expected life of five years for the Options, volatility of 50.67% and a dividend yield of 0.90%. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with Section 3870 of the CICA Handbook.
- (4) Represents the grant of 108,600 Options on January 21, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant, and the grant of 36,585 Options on August 13, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (5) Represents the grant of 65,200 Options on January 21, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant, and the grant of 18,293 Options on August 13, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (6) Represents the grant of 26,500 Options on January 21, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant, and the grant of 5,589 Options on August 13, 2013, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (7) Represents the grant of 52,800 Options on January 10, 2012, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (8) Represents the grant of 32,400 Options on January 10, 2012, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (9) Represents the grant of 100,000 Options on March 29, 2012, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (10) Represents the grant of 57,700 Options on February 3, 2011, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.
- (11) Represents the grant of 38,800 Options on February 3, 2011, which will vest as to 1/3 on each of the first, second and third anniversaries of the grant.

(12) Represents the cash bonus awards paid in February 2014, 2013 and 2012, respectively, to the Named Executive Officers for the 2013, 2012 and 2011 fiscal years, respectively.

(13) The amounts in this column consist of car allowance, RRSP contributions and parking allowance.

### **Incentive Plan Awards**

The Corporation currently has three equity incentive plans in place: (i) the Option Plan; (ii) the Stock-Based Compensation Plan; and (iii) the Fedora SARs Agreement (as defined and described hereinafter). The Option Plan and the Stock-Based Compensation Plan are currently the only equity-based compensation arrangements pursuant to which securities may be issued from treasury of the Corporation.

#### *Option Plan*

The Option Plan was previously approved by Shareholders on October 29, 2004, October 7, 2005, March 17, 2006 and March 28, 2007, and was amended by the Corporation effective September 13, 2007. Effective March 31, 2009, the date of the 2009 annual and special meeting of the Corporation's Shareholders, the Shareholders approved the adoption of the 2007 Stock Option Plan of the Corporation in substitution for and as an amendment to the 2006 Stock Option Plan previously adopted by the Shareholders in 2006. The Option Plan has been established to provide incentives to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Option Plan is administered by the Board and provides that Options may be issued to directors, officers, key employees or consultants of the Corporation or any subsidiary of the Corporation. The material terms of the Option Plan are described below.

The Board has the discretion to determine to whom Options will be granted, the number and exercise price of such Options and the terms upon which the Options will vest and be exercisable; provided that Options may only be exercisable for a maximum of ten calendar years from the date of grant and the exercise price of the Options must be no less than the five day weighted average trading price of the Common Shares on the TSX prior to the date of the granting of the Options by the Board.

The Option Plan provides that the number of Common Shares issuable under the Option Plan and all other security based compensation arrangements of the Corporation (which includes the Stock Based Compensation Plan) may not exceed 10% of the total number of issued and outstanding Common Shares from time to time. The number of Common Shares that may be issued under the Option Plan are subject to the following additional limitations: (i) the number of Options (and corresponding Common Shares reserved for issuance upon exercise of such Options) that may be issued to any one person under the Option Plan, together with any other security-based compensation arrangement, must not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis); (ii) the maximum number of Options (and corresponding Common Shares reserved for issuance upon the exercise of such Options) that may be reserved for issuance to insiders of the Corporation under the Option Plan at any time, together with any other security-based compensation arrangement, is 10% of the issued and outstanding Common Shares (on a non-diluted basis); and (iii) the total number of securities of the Corporation which may be issued to insiders of the Corporation under all security-based compensation arrangements within a one year period cannot exceed 10% of the issued and outstanding Common Shares.

As of April 17, 2014, a total of 2,441,484 Common Shares are reserved for issuance under the Option Plan, representing 4% of the issued and outstanding Common Shares at April 17, 2014 minus the sum of 513,738 being the number of Common Shares which may be issued pursuant to granted and outstanding Incentive Based Units at April 17, 2014.

As at April 17, 2014, there were 3,849,073 Options outstanding, representing approximately 6% of the issued and outstanding Common Shares, leaving 2,441,484 Common Shares (representing 4% of the issued and outstanding Common Shares on that date) reserved and available for issuance upon the exercise of Options that may be granted in the future. As the total number of Common Shares available to be reserved for issuance upon the exercise of outstanding Options is limited to 10% of the issued and outstanding Common Shares at the relevant time less the number of Common Shares that may be issued pursuant to the Corporation's other security based compensation arrangements, the number of Common Shares available to be reserved for issuance upon the exercise of Options that may be granted in the future will be reduced to the extent that additional security based compensation awards are

granted by the Corporation, including in respect of future grants of Incentive Based Units. As such, no more than 10% of the issued and outstanding Common Shares may be reserved at any one time for issuance pursuant to the Corporation's existing security based compensation arrangements. As discussed above, as the Option Plan does not have a fixed maximum number of securities issuable thereunder, a number of Common Shares equivalent to the number of Options or Incentive Based Units that have been exercised, terminated, cancelled or expired are immediately available for future issuances of Options, subject in all cases to the 10% limit contained in the Option Plan.

An Option is personal to the grantee of the Options and is non-assignable. The Option Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation. For a description of the treatment of Options in the case of the termination of an optionholder's employment or certain transactions involving the Corporation, see "*Termination and Change of Control Benefits*" below.

The Board may, generally, amend or discontinue the Option Plan at any time without the consent of the participants, provided that such amendments do not alter or impair any Option previously granted under the Option Plan. However, the Board will not be entitled, in the absence of Shareholder and TSX approval, to: (i) reduce the exercise price of an Option held by an insider of the Corporation; (ii) extend the expiry date of an Option held by an insider of the Corporation; (iii) amend the limitations on the maximum number of Common Shares reserved or issued to insiders, as described above; (iv) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or (v) amend the foregoing amendment provisions. Where Shareholder approval is sought for amendments under subsections (i), (ii) or (iii) of the foregoing, the votes attached to Common Shares held directly or indirectly by insiders benefitting from the proposed amendments will be excluded.

#### *Stock Based Compensation Plan*

The Stock Based Compensation Plan was established to provide an incentive to certain directors, officers, key employees and consultants of the Corporation and encourages an equity participation in the Corporation by such persons. The material terms of the Stocked Based Compensation Plan are described below.

Each Incentive Based Unit is a right granted to acquire one Common Share for no further consideration or payment by the grantee. The Board has the discretion to determine the terms and conditions of grants of Incentive Based Units, consistent with the terms of the Stock Based Compensation Plan. Each grant agreement shall set forth, at a minimum, the number of Incentive Based Units subject to such grant agreement, the applicable vesting date for each Incentive Based Unit, and may specify such other terms and conditions consistent with the terms of the Stock Based Compensation Plan as the Board shall determine or as shall be required under any other provision of the Stock Based Compensation Plan.

The maximum number of Common Shares that may be issued pursuant to the exercise of Incentive Based Units under the Stock Based Compensation Plan, subject to certain limitations, is 5% of the issued and outstanding Common Shares (on a non-diluted basis) from time to time. Additionally, the 5% maximum is an "evergreen" provision whereby the number of Common Shares issued upon exercise of an Incentive Based Unit or reserved for issuance in connection with an Incentive Based Unit which has expired or been cancelled or terminated, are automatically available for future issuances under the Stock Based Compensation Plan.

As of April 17, 2014, a total of up to 3,145,278 Common Shares can be reserved for issuance under the Stock Based Compensation Plan, representing 5% of the issued and outstanding Common Shares (subject to reduction pursuant to the provisions of the Option Plan, discussed above, which effectively limits the aggregate number of Common Shares available to be reserved for issuance pursuant to all of the Corporation's security based incentive arrangements, including Incentive Based Units and Options, to 10% of the issued and outstanding Common Shares).

As at April 17, 2014, there were 513,738 Incentive Based Units granted and outstanding, representing approximately 0.8% of the issued and outstanding Common Shares, leaving up to 2,631,540 Common Shares (representing 4.2% of the issued and outstanding Common Shares on that date) available for issuance upon the exercise of Incentive Based Units that may be granted in the future (which number is subject to reduction in the event the overall 10% limit contained in the Option Plan on the number of Common Shares available to be reserved for issuance at any one time pursuant to the Corporation's security based compensation arrangements, as discussed above, is met). As discussed

above, as the Stock Based Compensation Plan does not have a fixed maximum number of securities issuable thereunder, a number of Common Shares equivalent to the number of Options or Incentive Based Units that have been exercised, terminated, cancelled or expired are immediately available for future issuances of Incentive Based Units, subject in all cases to the 10% limit contained in the Option Plan.

Issuances of Incentive Based Units may not exceed the following limitations without the Corporation obtaining TSX and Shareholder approval: (i) the maximum number of Common Shares that may be issued under the Stock Based Compensation Plan together with all other security based compensation arrangements to any one participant within a twelve (12) month period shall not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis); (ii) the maximum number of Common Shares issuable at any time to insiders of the Corporation pursuant to the Stock Based Compensation Plan shall not exceed 5% of the total issued and outstanding Common Shares (on a non-diluted basis) less the aggregate number of Common Shares that may be issued to insiders under any other security based compensation arrangement of the Corporation; (iii) the maximum number of Common Shares that may be issued to insiders of the Corporation under the Stock Based Compensation Plan or pursuant to any other security based compensation arrangement of the Corporation (which includes the Option Plan) within a one year period shall be 10% of the issued and outstanding Common Shares (on a non-diluted basis), excluding Common Shares issued under the Stock Based Compensation Plan or any other security based compensation arrangement of the Corporation over the preceding one year period; and (iv) the maximum number of Common Shares that may be issued to any one insider of the Corporation and such insider's associates under the Stock Based Compensation Plan or pursuant to any other security based compensation arrangement of the Corporation (which includes the Option Plan) within a one year period shall be 5% of the issued and outstanding Common Shares (on a non-diluted basis), excluding Common Shares issued under the Stock Based Compensation Plan or any other security based compensation arrangement of the Corporation to such insider over the preceding one year period.

The Stock Based Compensation Plan also provides that the Board may discontinue or amend the Stock Based Compensation Plan and may amend any Incentive Based Units granted under it at any time without Shareholder approval, provided however that such amendment shall not alter or impair any Incentive Based Unit previously granted under the Stock Based Compensation Plan, and the Board may not amend the Stock Based Compensation Plan without Shareholder approval in respect of the following matters: (i) to extend the expiry date of an Incentive Based Unit held by an insider of the Corporation; (ii) any amendment to the limitations on the maximum number of Common Shares reserved or issued to insiders as set forth above; (ii) any amendment to increase the number of Common Shares issuable pursuant to the Stock Based Compensation Plan; and (iii) any amendment to amend the amendment provision of the Stock Based Compensation Plan. Where Shareholder approval is sought for amendments to the limitations on the maximum number of Common Shares reserved or issued to insiders as set forth above, the votes attached to Common Shares held directly or indirectly by insiders benefiting from the amendments will be excluded.

Under the Stock Based Compensation Plan, the directors have the power to determine the time(s) at which an Incentive Based Unit will expire and the time or times when Incentive Based Units will vest and become exercisable, provided that an Incentive Based Unit may not be exercisable following 5 years from the date of grant, subject to such expiry date falling within a Black Out Period (as defined in the Stock Based Compensation Plan) in which case such Incentive Based Units will be exercisable for an additional ten business days following the end of the Black Out Period. In addition, should the expiry date of an Incentive Based Unit fall within nine business days following the expiration of a Black Out Period, such expiry date of the Incentive Based Unit shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Incentive Based Unit for all purposes under the Stock Based Compensation Plan.

An Incentive Based Unit is personal to the grantee and is non-assignable, except in the case of the death of a participant. The Stock Based Compensation Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation. For a description of the treatment of Incentive Based Units in the case of the termination of a holder's employment or certain transactions involving the Corporation, see "*Termination and Change of Control Benefits*" below.

*Fedora SARs Agreement*

On July 19, 2007, the Corporation entered into a unit plan agreement (the “**Fedora SARs Agreement**”) with Mr. Fedora pursuant to which the Corporation granted Mr. Fedora an aggregate of 800,000 deferred share units (the “**SARs**”) with base values as follows: (i) 200,000 SARs at \$5.00 per SAR; (ii) 200,000 SARs at \$6.00 per SAR; (iii) 200,000 SARs at \$7.20 per SAR; and (iv) 200,000 SARs at \$8.65 per SAR. On May 14, 2009, the Fedora SARs Agreement was amended to reduce the aggregate number of SARs granted to Mr. Fedora to 600,000, with base values and vesting adjusted according to the following schedule: (i) 200,000 SARs at \$1.25 per SAR vested on February 11, 2010; (ii) 200,000 SARs at \$1.60 per SAR vested on February 11, 2011; and (iii) 200,000 SARs at \$2.00 per SAR vested on February 11, 2012. Upon vesting according to the above schedule, the Fedora SARs Agreement provides that the Corporation will pay to Mr. Fedora an amount in cash per SAR equal to the greater of the market value of a Common Share less the base value of the Fedora SAR on the earlier of: (i) the date on which Mr. Fedora ceases to be employed as President of the Corporation; (ii) the date on which a change of control (as defined in the Fedora SARs Agreement) of the Corporation occurs; and (iii) the date that the SARs vest as described above. The SARs are settled in cash and, therefore, there is no dilutive impact to the Corporation. On January 16, 2014 Mr. Fedora exercised his last 400,000 SARs. See “*Outstanding Option-Based Awards and Share-Based Awards*” below.

***Outstanding Option-Based Awards and Share-Based Awards***

The following table sets forth all awards outstanding as at December 31, 2013 for the Named Executive Officers.

Name	Option-Based Awards			Share-Based Awards			
	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of units or Common Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Bradley P. D. Fedora	150,000 <sup>(1)</sup>	\$2.43	January 7, 2015	1,438,500 <sup>(5)</sup>	45,745	549,855 <sup>(6)</sup>	4,864,494 <sup>(6)(7)</sup>
	57,700 <sup>(2)</sup>	\$11.64	February 3, 2016	21,926 <sup>(5)</sup>			
	52,800 <sup>(3)</sup>	\$12.73	January 10, 2017	Nil <sup>(5)</sup>			
	108,600 <sup>(4)</sup>	\$10.65	January 21, 2018	148,782 <sup>(5)</sup>			
	36,585 <sup>(4)</sup>	\$12.07	August 13, 2018	Nil <sup>(5)</sup>			
Barry O’Brien	40,000 <sup>(1)</sup>	\$2.43	January 6, 2015	\$383,600 <sup>(5)</sup>	26,323	316,402 <sup>(6)</sup>	34,858 <sup>(6)</sup>
	50,000 <sup>(1)</sup>	\$4.97	August 5, 2015	\$352,500 <sup>(5)</sup>			
	38,800 <sup>(2)</sup>	\$11.64	February 3, 2016	\$14,744 <sup>(5)</sup>			
	32,400 <sup>(3)</sup>	\$12.73	January 10, 2017	Nil <sup>(5)</sup>			
	65,200 <sup>(4)</sup>	\$10.65	January 21, 2018	\$89,324 <sup>(5)</sup>			
18,293 <sup>(4)</sup>	\$12.07	August 13, 2018	Nil <sup>(5)</sup>				
A. J. (Joseph) Peskunowicz	16,667 <sup>(1)</sup>	\$4.97	August 5, 2015	\$319,000 <sup>(5)</sup>	26,323	316,402 <sup>(6)</sup>	34,858 <sup>(6)</sup>
	38,800 <sup>(2)</sup>	\$11.64	February 3, 2016	\$14,744 <sup>(5)</sup>			
	32,400 <sup>(3)</sup>	\$12.73	January 10, 2017	Nil <sup>(5)</sup>			
	65,200 <sup>(4)</sup>	\$10.65	January 21, 2018	\$89,324 <sup>(5)</sup>			
	18,293 <sup>(4)</sup>	\$12.07	August 13, 2018	Nil <sup>(5)</sup>			
Todd Thue	50,000 <sup>(1)</sup>	\$4.97	August 5, 2015	319,000 <sup>(5)</sup>	26,323	316,402 <sup>(6)</sup>	34,858 <sup>(6)</sup>
	38,800 <sup>(2)</sup>	\$11.64	February 3, 2016	\$14,744 <sup>(5)</sup>			
	32,400 <sup>(3)</sup>	\$12.73	January 10, 2017	Nil <sup>(5)</sup>			
	65,200 <sup>(4)</sup>	\$10.65	January 21, 2018	\$89,324 <sup>(5)</sup>			
	18,293 <sup>(4)</sup>	\$12.07	August 13, 2018	Nil <sup>(5)</sup>			
Chuck Vozniak	100,000 <sup>(3)</sup>	\$12.38	March 29, 2012	Nil <sup>(5)</sup>	17,724	213,042 <sup>(6)</sup>	60,100 <sup>(6)</sup>
	26,500 <sup>(4)</sup>	\$10.65	January 21, 2018	\$36,305 <sup>(5)</sup>			
	5,589 <sup>(4)</sup>	\$12.07	August 13, 2018	Nil <sup>(5)</sup>			

**Notes:**

- (1) Represents Options granted to the Named Executive Officers in 2010 pursuant to the Option Plan.
- (2) Represents Options granted to the Named Executive Officers in 2011 pursuant to the Option Plan.
- (3) Represents Options granted to the Named Executive Officers in 2012 pursuant to the Option Plan.
- (4) Represents Options granted to the Named Executive Officers in 2013 pursuant to the Option Plan.
- (5) The estimated market or payout value is determined by multiplying the number of Options by the difference between the \$12.02 closing price of the Common Shares on the TSX on December 31, 2013 and the respective exercise price of the Options.
- (6) The estimated market or payout value is determined by multiplying the number of Incentive Based Units by the \$12.02 closing price of the Common Shares on the TSX on December 31, 2013.
- (7) Represents the SARs awarded to Mr. Fedora in 2007 which remained outstanding and vested as at December 31, 2013 as reduced by the amendment to the Fedora SARs Agreement on May 14, 2009 (as described above under “*Incentive Plan Awards – Fedora SARs Agreement*”). The estimated market or payout value was \$4,808,000 as determined by multiplying the number of vested SARs by the difference between the \$12.02 closing price of the Common Shares on the TSX on December 31, 2013 and the respective base value of the SARs (as described above under “*Incentive Plan Awards – Fedora SARs Agreement*”).

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of the awards that vested for each Named Executive Officer in 2013, as well as the non-equity incentive plan compensation earned during the year.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(1)</sup>
Bradley P. D. Fedora	452,000	52,405	266,300
Barry O’Brien	364,406	32,335	159,800
A. J. (Joseph) Peskunowicz	364,406	32,335	159,800
Todd Thue	274,006	32,335	159,800
Chuck Vozniak	Nil	55,600	95,100

**Note:**

- (1) Non-equity incentive plan compensation for 2013 was paid in February 2014.

**Non-Equity Incentive Plan Awards**

***Annual Bonus***

*Structure of Bonus*

The Corporation has a discretionary bonus plan (the “**Bonus Plan**”) that is designed to recognize and reward individuals for their achievement of annual performance relative to company-wide financial and operational criteria, as well as their individual performance. The Bonus Plan consists of compensation based on the attainment of performance targets in respect of selected financial and operational performance criteria for the relevant financial year along with an assessment and recognition of strong individual performance for each of the participants in the Bonus Plan. Performance targets in respect of any selected performance criteria are approved by the Corporate Governance and Compensation Committee and may have regard to such matters as the Corporate Governance and Compensation Committee considers appropriate including the prior year’s performance as reflected in the audited financial statements of the Corporation. The Corporate Governance and Compensation Committee also considers market and economic conditions, extraordinary internal and market-related occurrences and other extenuating circumstances when determining bonus awards in any particular year.

Each year the Corporate Governance and Compensation Committee establishes: (i) the maximum percentage of the annual salary of each participant subject to a bonus award; (ii) the performance targets that would yield target bonus award payment; (iii) the minimum performance targets that must be attained prior to any bonus award being made; (iv) the performance targets that would yield full payment of the bonus award being made; (v) the amount of the bonus award if the level of achievement in relation to the performance targets is between the minimum and maximum performance targets; and (vi) the allocation of the bonus award for a participant that is derived from each of the financial and operational performance criteria and the individual performance assessment.

*Particulars related to 2013 Bonus*

The selected financial and operational performance criteria for purposes of the financial year 2013 bonus award for the Named Executive Officers was: (i) year over year revenue growth; (ii) EBITDA as a percentage of revenue; (iii) return on invested capital; and (iv) certain safety and productivity measures. EBITDA is a non-GAAP measure as set forth and defined in the MD&A. The individual performance assessment for all Named Executive Officers other than the Chief Executive Officer, for purposes of the fiscal year 2013 bonus award, was approved by the Corporate Governance and Compensation Committee on recommendation of the Chief Executive Officer. The Corporate Governance and Compensation Committee approved the portion of the bonus award of the Chief Executive Officer that is based on individual performance.

The table below shows the bonus awards for 2013 for each Named Executive Officer:

NEO	2013 Salary Earned (\$)	2013 Bonus Award (\$)	2013 Bonus Award as a % of salary
<b>Bradley P.D. Fedora</b> President and Chief Executive Officer	400,000	266,300	67%
<b>Barry O'Brien</b> Vice President, Finance and Chief Financial Officer	300,000	159,800	53%
<b>A.J. (Joseph) Peskunowicz</b> Executive Vice President, Corporate	300,000	159,800	53%
<b>Todd Thue</b> Chief Operating Officer	300,000	159,800	53%
<b>Chuck Vozniak</b> Vice President, Technical Services	275,000	95,100	35%

The likelihood of the Named Executive Officers achieving each of the performance criteria approved by the Corporate Governance and Compensation Committee for purposes of receiving a bonus award in any given year is dependent on the Corporation's financial and operating performance, the price of oil and natural gas, general market conditions and certain other factors that affect the overall financial and operating performance of the Corporation.

**Pension Plan Benefits**

The Corporation does not have any retirement plans in place for executives.

**Termination and Change of Control Benefits**

*General*

On September 28, 2011, the Corporation entered into a new employment agreement with Bradley P.D. Fedora for an indefinite term (the "**Fedora Employment Agreement**"). In the event of the termination of Mr. Fedora's employment, certain payments may be required to be made to Mr. Fedora pursuant to the Fedora Employment Agreement, the Fedora SARs Agreement and the Option Plan. Additionally, the Corporation has entered into executive employment agreements (the "**Executive Employment Agreements**") with each of the Barry O'Brien, A.J. (Joe) Peskunowicz, Todd Thue and Chuck Vozniak (collectively, the "**Employed Officers**"), as well as its other senior managers. The Executive Employment Agreements have an indefinite term and provide for salary, short-term and long-term incentives and benefits to be paid to the Employed Officers. In connection with the termination of an Employed Officer's employment, certain payments may be required to be made to such a terminated Employed Officer pursuant to their respective Executive Employment Agreements and the Option Plan.

For the purposes of the Fedora Employment Agreement and the Fedora SARs Agreement, the definition of "change of control" means: (i) the acquisition by a person of 50% or more of the Corporation's issued and outstanding voting securities; and (ii) the amalgamation or merger of or involving the Corporation with or into any one or more other

corporations or business vehicles, provided that the former holders of voting securities of the Corporation receive, in the aggregate, less than 50% of the voting securities of the amalgamated or merged entity; and, for the purposes of the Fedora Employment Agreement and the Fedora SARs Agreement, also means (iii) the sale of all or substantially all of the assets of the Corporation.

### ***Fedora Employment Agreement***

#### *Termination for Just Cause and Voluntary Resignation*

Under the terms of the Fedora Employment Agreement, in the event of termination for just cause or the voluntary resignation of Mr. Fedora, Mr. Fedora is not entitled to any further compensation from the date of termination, except for the payment of accrued salary and vacation pay, out-of-pocket expenses incurred prior to the date of termination and any unpaid bonuses for prior financial years as at the date of termination.

#### *Termination Without Just Cause, Termination Following a Change of Control or Constructive Dismissal*

The Fedora Employment Agreement provides that if Mr. Fedora is terminated without just cause, he will be entitled to receive a lump sum payment equal to (i) 24 months' salary, (ii) any amounts owing for accrued vacation pay, (iii) any out-of-pocket expenses owing prior to the date of termination, (iv) any unpaid bonuses for prior financial years, (v) two times the average cash bonus granted in the two years preceding termination of employment and (vi) 30% of salary in lieu of benefits (the "**Termination Payment**"). In the event of a change of control of the Corporation, Mr. Fedora has the right, for a period of 30 days following the change of control, to elect to terminate the Fedora Employment Agreement and receive the Termination Payment. In the event that an arbitrator determines that actions undertaken by the Corporation have the effect of constructively dismissing Mr. Fedora, Mr. Fedora is entitled to the Termination Payment and to be reimbursed for his reasonable legal expenses incurred in connection with such arbitration (on an indemnity basis), and the Corporation shall be required to satisfy any award for punitive, aggravated or exemplary damages that may be made by the arbitrator.

#### *Non-Competition and Non-Solicitation*

Mr. Fedora has agreed that, for a period of one year following termination of his employment pursuant to the foregoing, he will not: (i) solicit for hire, hire or take away any other employees of the Corporation who were employed by the Corporation during the 12 months preceding Mr. Fedora's termination, unless that employee has not been employed by the Corporation or an affiliate of the Corporation for a period of at least four months or was previously terminated by the Corporation or an affiliate of the Corporation; or (ii) solicit or accept business for oilfield services similar to the services being provided by the Corporation at the date of Mr. Fedora's termination from any customers of the Corporation or from an affiliate of the Corporation that was a customer of the Corporation or an affiliate of the Corporation during the 12 months preceding the termination of Mr. Fedora's employment.

### ***Executive Employment Agreements***

#### *Termination for Just Cause and Voluntary Resignation*

Under the terms of the Executive Employment Agreements, in the event of a termination for just cause or the voluntary resignation of an Employed Officer, the executive is not entitled to any further compensation from the date of termination; provided that the Corporation has paid the Employed Officer the salary, benefits and accrued vacation pay to the date of termination.

#### *Termination Without Just Cause*

Each Executive Employment Agreement provides for compensation upon termination without just cause. In the case of Messrs. O'Brien, Peskunowicz and Thue, each individual will be entitled to receive a lump sum payment equal to (i) 18 months' salary, (ii) any amounts owing for accrued vacation pay, (iii) any out of pocket expenses owing prior to the date of termination, (iv) any unpaid bonuses for prior financial years, (v) 1.5 times the average

cash bonus granted in the two years preceding termination of employment and (vi) 22.5% of salary in lieu of benefits. Mr. Vozniak will be entitled to receive a lump sum severance payment equal to (i) 12 months' salary, (ii) any amounts owing for accrued vacation pay, (iii) any out of pocket expenses owing prior to the date of termination, (iv) any unpaid bonuses for prior financial years, (v) 1 times the average cash bonuses granted in the two years preceding termination of employment and (vi) 15% of salary in lieu of benefits.

### ***Option Plan***

Under the Option Plan, a Named Executive Officer has 30 days from the earlier of (i) the date the Named Executive Officer is provided with notice of termination of their employment and (ii) the date the Named Executive Officer last carries on their regular employment duties following termination of their employment, to exercise any outstanding Options. In the event of termination of employment due to the death or permanent disability of a Named Executive Officer, any unvested Options held by such individual shall immediately vest and may be exercised by the Named Executive Officer or the legal personal representative(s) of the Named Executive Officer's estate at any time for a period of one year from the date of death or permanent disability.

### ***Stock Based Compensation Plan***

Under the Stock Based Compensation Plan, if the employment or appointment of an Incentive Based Unit holder by the Corporation or any one of its subsidiaries, as applicable, is terminated, then the Incentive Based Units of such holder terminate, subject to express Board resolution to the contrary, and may not be exercised or redeemed after: (i) the earlier of the scheduled expiry date and the date which is 30 days after the date of termination, in cases of termination by reason of retirement, death or permanent disability; (ii) the date which is 30 days after the date of termination of active employment, if vested at the time of termination, in cases of termination for cause; and (iii) the earlier of the scheduled expiry date and the date which is 30 days after the date of termination of active employment or the date notice of termination or resignation was given, whichever is earlier, in cases of termination for any reason (including voluntary resignation) other than death, retirement, permanent disability or termination for cause.

Additionally, if a take-over bid, exempt take-over bid, issuer bid or exempt issuer bid is made in respect of the Common Shares or any class of securities convertible or exchangeable into Common Shares or any transaction is commenced which will constitute, in the Board's sole discretion, a change of control of the Corporation for the purpose of the Stock Based Compensation Plan, each of the respective vesting dates of the Incentive Based Units granted pursuant to the Stock Based Compensation Plan are deemed to be amended to be the date upon which the "offer to acquire" is made or the date the Board deems to be the date the "offer to acquire" was made for the purposes of the Stock Based Compensation Plan.

### ***Fedora SARs Agreement***

Under the Fedora SARs Agreement, the Corporation will pay to Mr. Fedora an amount in cash per SAR equal to the market value of a Common Share less the base value of the Fedora SAR upon the earlier of: (i) the date on which Mr. Fedora ceases employment with the Corporation; (ii) the date on which a change of control occurs; and (iii) the date upon which the SARs vest.

### **Estimated Payments Upon Certain Events**

The following tables set forth the estimated incremental payments that would have been required to have been made to the Named Executive Officers had a Named Executive Officer been terminated without just cause, in the case of constructive dismissal of the Named Executive Officer, or terminated following a change of control, in each case on December 31, 2013.

Name	Salary (\$)	Fedora SARs (\$)	Total (\$)
Bradley P.D. Fedora	1,807,800 <sup>(1)</sup>	4,808,000 <sup>(3)</sup>	1,807,800
Barry O'Brien	960,300 <sup>(2)</sup>	N/A	960,300
A.J. (Joseph) Peskunowicz	960,300 <sup>(2)</sup>	N/A	960,300
Todd Thue	960,300 <sup>(2)</sup>	N/A	960,300
Chuck Vozniak	436,925 <sup>(2)</sup>	N/A	436,925

**Notes:**

- (1) Represents the estimated incremental payout value pursuant to the Termination Payment (see “*Termination and Change of Control Benefits - Fedora Employment Agreement*” above) as a result of Mr. Fedora’s employment being terminated without cause, Mr. Fedora’s constructive dismissal by the Corporation or following Mr. Fedora’s election to terminate his employment following a change of control pursuant to the Fedora Employment Agreement.
- (2) Represents the estimated incremental payout value pursuant to the Executive Employment Agreements as a result of the Named Executive Officer’s termination without cause.
- (3) Represents the value, as at December 31, 2013 of the SARs awarded to Mr. Fedora (as described above under - “Incentive Plan Awards – Fedora SARs Agreement”) of which all remaining SARs were exercised on January 16, 2014.

The following table sets forth the estimated incremental payments that would have been required to have been made to the Named Executive Officers had the employment of a Named Executive Officer been terminated by reason of permanent disability, in each case on December 31, 2013.

Name	Fedora Employment Agreement/ Executive Employment Agreements (\$)	Total (\$)
Bradley P.D. Fedora	Nil	Nil
Barry O'Brien	Nil	Nil
A.J. (Joseph) Peskunowicz	Nil	Nil
Todd Thue	Nil	Nil
Chuck Vozniak	Nil	Nil

**DIRECTORS' COMPENSATION**

**Overview**

The Board, through the Corporate Governance and Compensation Committee, is responsible for developing and implementing the directors’ compensation plan. The main objectives of the directors’ compensation plan are to:

- attract and retain services of the most qualified individuals;
- compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in Board and Board committee membership, and competitive with other comparable public issuers; and
- align the interests of the directors with the Shareholders.

Unlike compensation for the Named Executive Officers, the directors’ compensation plan is not designed to pay for performance; rather, directors receive retainers for their services in order to help ensure unbiased decision-making.

**Fees**

During 2013 each director of the Corporation (who is not an officer or employee of the Corporation) received (i) a quarterly retainer of \$6,250, (ii) a fee of \$1,250 for each Board or committee meeting attended, and (iii) a reimbursement for his or her out-of-pocket expenses for attending Board and committee meetings. The Chair of the Board and the Audit Committee are paid an additional \$30,000 and \$15,000 per year, respectively. The Chair of the Corporate Governance and Compensation Committee and the Health, Safety and Environment Committee receive an additional \$5,000 per year.

Bradley P.D. Fedora, President and Chief Executive Officer of the Corporation, did not receive any compensation in his capacity as director of the Corporation for the 2013 fiscal year. For a description of Mr. Fedora's compensation, see "Executive Compensation" above.

### Summary Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted for 2013 to each of the independent directors of the Corporation. See "Corporate Governance Practices" below.

<b>Name</b>	<b>Fees earned (\$)<sup>(1)</sup></b>	<b>Share-based awards (\$)<sup>(2)</sup></b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Stan G.P. Grad	31,250	66,168	Nil	Nil	Nil	Nil	97,418
Raymond P. Antony	86,250	66,168	Nil	Nil	Nil	Nil	152,418
Neil M. MacKenzie	41,250	66,168	Nil	Nil	Nil	Nil	107,418
Miles Lich	25,797	69,443	Nil	Nil	Nil	Nil	95,240
Richard E. Peterson	38,750	66,168	Nil	Nil	Nil	Nil	104,918
M. Scott Ratushny	37,500	66,168	Nil	Nil	Nil	Nil	103,668

#### Notes:

- (1) Represents all fees awarded, earned, paid, or payable in cash for services as a director.
- (2) Represents the fair value on January 21, 2013, the date of grants of 7,500 Incentive Based Units awarded under the Stock Based Compensation Plan for 2013 to each of Messrs, Antony, Grad, MacKenzie, Peterson and Ratushny, respectively, which will vest as to 1/3 on each of the first, second and third anniversaries of the date of the respective grants and the fair value on May 30, 2013, the date of grant of 7,500 Incentive Based Units awarded to Mr. Lich, which will vest as to 1/3 each of the first, second and third anniversaries of the date of the grant. See "Incentive Plan Awards – Stock Based Compensation Plan" below for a description of the Stock Based Compensation Plan. The grant date fair value has been calculated using an option pricing model as set out in Section 3870 of the CICA Handbook. The Corporation has adopted the Black-Scholes model in order to measure the fair value of the equity instruments on the date of the grant. Section 3870 of the CICA Handbook specifies the use of the Black-Scholes model or a binomial model. The key assumptions and estimates used for the calculation of the January 21, 2013 fair value under this model include a risk-free interest rate of 1.25% to 1.50%, an expected life of five years for the Incentive Based Units, volatility of 50.26% and dividend yield of 5.43%. The key assumptions and estimates used for the calculation of the May 30, 2013 fair value under this model include the risk-free interest rate of 1.18% to 1.47%, an expected life of five years for the Incentive Based Units, volatility of 50.26% and dividend yield of 5.14%. The grant date fair value presented in the above table does not differ from the fair value determined in accordance with Section 3870 of the CICA Handbook.

### Incentive Plan Awards

#### *Option Plan and Stock Based Compensation Plan*

Options to purchase Common Shares and Incentive Based Units may be granted to directors of the Corporation under the Option Plan and Stock Based Compensation Plan, respectively. See "Executive Compensation – Incentive Plan Awards" above for a detailed description of the Option Plan and the Stock Based Compensation Plan. The purpose of granting such awards is to assist the Corporation in compensating, attracting, retaining and motivating directors and to align the interests of such persons with those of the Shareholders.

#### *Outstanding Option-Based Awards and Share-Based Awards*

The following table sets forth all awards outstanding as at December 31, 2013 for the directors of the Corporation.

Name	Option-Based Awards				Share-Based Awards		
	Number of Common Shares underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of units of Common Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Stan G.P. Grad	Nil	N/A	N/A	N/A	15,000	180,300 <sup>(1)</sup>	Nil <sup>(2)</sup>
Raymond P. Antony	Nil	N/A	N/A	N/A	15,000	180,300 <sup>(1)</sup>	210,350 <sup>(2)</sup>
Neil M. MacKenzie	Nil	N/A	N/A	N/A	15,000	180,300 <sup>(1)</sup>	Nil <sup>(2)</sup>
Miles Lich	Nil	N/A	N/A	N/A	7,500	90,150 <sup>(1)</sup>	Nil <sup>(2)</sup>
Richard E. Peterson	Nil	N/A	N/A	N/A	15,000	180,300 <sup>(1)</sup>	270,450 <sup>(2)</sup>
M. Scott Ratushny	Nil	N/A	N/A	N/A	15,000	180,300 <sup>(1)</sup>	90,150 <sup>(2)</sup>

**Notes:**

- (1) Represents the Incentive Based Units awarded to respective directors which have not yet vested. The estimated market or payout value is determined by multiplying the number of Incentive Based Units that are not vested by the \$12.02 closing price of the Common Shares on the TSX on December 31, 2013.
- (2) Represents the Incentive Based Units awarded to respective directors which have vested. The estimated market or payout value is determined by multiplying the number of vested Incentive Based Units by the \$12.02 closing price of the Common Shares on the TSX on December 31, 2013.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of the awards that vested for or were earned by each director of the Corporation in 2013.

Name	Option-based awards- Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Stan G.P. Grad	N/A	83,925 <sup>(1)</sup>	N/A
Raymond P. Antony	N/A	83,925 <sup>(1)</sup>	N/A
Neil M. MacKenzie	N/A	83,925 <sup>(1)</sup>	N/A
Miles Lich	N/A	Nil <sup>(1)</sup>	N/A
Richard E. Peterson	N/A	114,775 <sup>(1)</sup>	N/A
M. Scott Ratushny	N/A	57,175 <sup>(1)</sup>	N/A

**Note:**

- (1) The value of the share-based awards which vested during the 2013 financial year is comprised of the Incentive Based Units for each director which vested during 2013, the value of which was determined by multiplying the number of Incentive Based Units which vested by the closing price of the Common Shares on the TSX on the applicable vesting date.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out equity compensation plan information as at the financial year ended December 31, 2013:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options and Rights	Weighted average exercise price of outstanding Options and Rights	Number of Securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by securityholders	3,764,642 <sup>(1)</sup>	\$9.24	2,488,152
Total	3,764,642		

**Note:**

(1) Represents outstanding Options and Incentive Based Units granted pursuant to the Option Plan and Stock Based Compensation Plan, respectively, as at December 31, 2013.

### MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or corporation other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

Except as set out herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, no proposed nominee of management of the Corporation for election as a director of the Corporation and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

### CORPORATE GOVERNANCE PRACTICES

The Board is responsible for all corporate governance matters relating to the Corporation. Corporate governance relates to the activities of the Board, the members of which are indirectly elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Corporation is required to disclose its corporate governance practices, as summarized below.

## 1. Board of Directors

NI 58-101 suggests that the board of directors of a public corporation should be constituted with a majority of individuals who qualify as “**independent**” directors. An “**independent**” director is a director who has no direct or indirect material relationship with the corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement.

The Board is currently comprised of seven members. Neil M. MacKenzie was appointed to the Board by resolution on February 4, 2009. Richard E. Peterson was appointed to the Board by resolution on May 25, 2010. M. Scott Ratushny was appointed to the Board by resolution on May 26, 2011. Currently, Stan G.P. Grad, Raymond P. Antony, Neil M. MacKenzie, Richard E. Peterson, Miles Lich and M. Scott Ratushny are all considered independent directors of the Corporation. Bradley P.D. Fedora is not considered to be an independent director, as Mr. Fedora is the President and Chief Executive Officer of the Corporation. Therefore, six of the current seven Board members (86%) are considered independent directors. Ken Mullen whom has been nominated for election as a Director at the Meeting is considered independent. The Board is responsible for determining whether a director is an independent director.

The Board facilitates its exercise of independent judgment in carrying out its responsibilities through frequent meetings of the Board. The Board does not have separate meetings at which non-independent and non-management directors are not in attendance. However, given that a majority of the directors are considered independent, the Board does not feel that the lack of such meetings inhibits open and candid discussions among directors. In addition, each director has free access to the Corporation’s external auditors and legal counsel and to any of the Corporation’s officers.

The following directors, and nominees for director, of the Corporation are also directors of other reporting issuers:

<u>Director</u>	<u>Other Reporting Issuers</u>
Stan G.P. Grad	Eaglewood Energy Inc. Enseco Energy Services Corp.
Raymond P. Antony	Eaglewood Energy Inc. Sabre Graphite Corp. Blackhawk Resource Corp.
M. Scott Ratushny	Enseco Energy Services Corp. Cardinal Energy Ltd.
Ken Mullen	Savana Energy Services Corp.
Neil McKenzie	Yangarra Resources Ltd.

The current Chairman of the Board, Raymond P. Antony, is an independent director. As Chairman of the Board, his responsibilities include ensuring that the Board functions effectively and independently of management and that the Board meets its obligations and responsibilities.

Since the beginning of the Corporation’s most recently completed financial year ended December 31, 2013 until April 17, 2014, the Board held six meetings, on March 7, May 7, August 8 and November 5, 2013 and February 6 and March 6, 2014. The following is a record of attendance for each director at such Board meetings:

<b>Director</b>	<b>Number of Board Meetings Attended / Total Number of Board Meetings Held</b>
Stan G.P. Grad	5/6
Raymond P. Antony	6/6
Bradley P.D. Fedora	6/6
Neil M. MacKenzie	6/6
Mile Lich	4/4
Richard E. Peterson	6/6
M. Scott Ratushny	6/6

## **2. Board Mandate**

The Board has a written mandate. The Board must act in the best interests of the Corporation and the Shareholders. To discharge this obligation, the Board Mandate provides that the Board shall assume responsibility for the following:

### *Strategic Plan*

The Board meets annually, typically near the end of the year, and may also have special meetings as required, to review the Corporation's overall business strategies and its annual business plan, as well as major strategic initiatives, to allow for the Board to evaluate whether the Corporation's proposed actions generally accord with Corporation objectives.

### *Identification of Principal Risks*

The Board, directly and through the Audit Committee as well as the other committees of the Board, reviews the principal risks of the Corporation's business and the appropriateness of the systems management puts in place to manage these risks.

### *Communication Policy*

The Disclosure and Confidentiality Policy established by the Board summarizes practices regarding disclosure of material information to investors, analysts and the media. The Board, in consultation with the Corporate Governance and Compensation Committee, monitors and advises on compliance with its mandate.

### *Internal Control and Management Information Systems*

The Board, acting through the Audit Committee, monitors the implementation of appropriate internal control systems. The Audit Committee reports, at least twice annually, to the Board and periodically includes in its reports updates on the status of the Corporation's internal control systems.

### *Shareholder Feedback*

The Board has established a complaint procedure for concerns about any aspect of the Corporation's activities and operations. In addition, the Board monitors management in its ongoing development of appropriate investor relations programs and procedures to receive and respond to Shareholder feedback.

In order to meet their responsibilities, the Board has the following expectations for its members:

### *Commitment and Attendance*

All directors should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Members may attend by telephone to mitigate conflicts.

### *Participation in Meetings*

Each director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management makes appropriate personnel available to answer any questions a director may have about any aspect of the Corporation's business. Directors should also review the materials provided by management and Corporation advisors in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

### *Ethical Business Conduct*

Each director must comply with the fiduciary duties placed on each individual director by the Corporation's governing corporate legislation and the common law. Under corporate legislation, each director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, any director that serves as a director or officer of another company must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that the director exercises independent judgement in considering transactions and agreements in respect of which such director has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Directors should be familiar with the corporate legislation and the common law applicable to their fiduciary duties and business conduct and should consult with the Corporation's counsel in the event of any issues or concerns.

### *Other Directorships*

The Corporation values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability, and may also present conflicts or legal issues. Directors are to advise the Chair of the Corporate Governance and Compensation Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

### *Contact with Management*

All directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Corporation's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of management in Board and committee meetings and in other formal or informal settings.

### *Confidentiality*

The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her services.

### *Independent Director Sessions*

To encourage free and open discussion and communication among the non-management directors of the Board, the independent directors may meet during or at the end of each Board meeting with no members of management present.

### *Evaluating Board Performance*

The Board, acting through the Corporate Governance and Compensation Committee, and each of the committees of the Board conduct in each case a self-evaluation at least annually to assess their respective levels of effectiveness. In

addition, the Corporate Governance and Compensation Committee assesses the Board, its committees and each individual director in respect of effectiveness and contribution.

### **3. Position Descriptions**

The Board has not developed written position descriptions for the Chairman, Chief Executive Officer or the chair of each committee. Instead, the Board delineates the role and responsibilities of each such position by utilizing the knowledge and experience of the members of the Board, as a whole, and the Board is currently of the view that the respective corporate governance roles are clear and that the limits to the responsibility and authority of each such position are well understood.

There is a formal understanding as to what the roles and responsibilities of each committee chair position are, and both the Board and each committee delineates those roles and responsibilities as deemed necessary.

### **4. Orientation and Continuing Education**

The Board does not have in place a formal policy to orient new directors; however, steps are taken to ensure that new members understand the role of the Board, its committees and its directors as well as the nature and operation of the Corporation's business. To that end, new members of the Board are provided with:

- (a) information respecting the functioning of the Board, committees and copies of the Corporation's corporate governance policies;
- (b) access to recent, publicly filed documents of the Corporation; and
- (c) access to management.

Members of the Board are encouraged to (1) communicate with management, auditors and other third party consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance; and (2) attend related industry seminars. Members of the Board also have full access to the records of the Corporation. Meetings of the Board often include presentations by management and employees of the Corporation to give the members of the Board additional insight into the business of the Corporation.

### **5. Ethical Business Conduct**

The Board has adopted a code of ethics applicable to all members of the Corporation, including directors, officers and employees. Each director, officer and employee of the Corporation has been provided with a copy of the code of ethics. Any reports of variance from the code of ethics are reported to the Board.

The Board has also adopted a "**Whistleblower Policy**" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

Copies of such documents may be obtained on request and without charge from Barry O'Brien at 2900, 255 - 5th Avenue S.W., Calgary, Alberta T2P 3G6, phone (403) 290-2478, facsimile (403) 355-2211.

### **6. Nomination of Directors**

The Board has not appointed a nominating committee but has delegated such nomination duties to the Corporate Governance and Compensation Committee and the Chairman of the Board. There is no formal procedure for the nomination of members to the Board; however, the Corporate Governance and Compensation Committee regularly assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

## **7. Compensation**

The Corporate Governance and Compensation Committee is composed solely of independent directors. The current members of the Corporate Governance and Compensation Committee are Richard E. Peterson, Raymond P. Antony and Miles Lich. Each of whom the Board believes has the necessary knowledge and experience to effectively perform his responsibilities. Each member of the Corporate Governance and Compensation Committee (including nominee, Ken Mullen) has direct experience with private and public companies as Board members, members of Compensation Committees or as members of Executive Management.

The responsibilities with respect to compensation of the Corporate Governance and Compensation Committee include:

- (a) compensation policies and guidelines for supervisory and management personnel of the Corporation and its related entities;
- (b) corporate benefits, bonuses and other incentives, including stock options;
- (c) reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives and determining the Chief Executive Officer's compensation level based on this evaluation;
- (d) other officer and director compensation, incentive compensation plans and equity based plans;
- (e) the review of executive compensation disclosure before the Corporation publicly discloses such information;
- (f) succession plans for the officers and for key employees of the Corporation; and
- (g) any material changes or trends in human resources policy, procedure, compensation and benefits. annually to ensure the Corporation's legal and ethical obligations to its employees are fulfilled.

The Corporate Governance and Compensation Committee determines compensation levels by reviewing compensation paid for directors and officers of companies of similar size and stage of development.

The Corporate Governance and Compensation Committee reports to the Board and has unrestricted access to the Corporation's personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

## **8. Other Board Committees**

The Corporation has no other standing committees at this time other than the Audit Committee, the Corporate Governance and Compensation Committee and the Health, Safety and Environment Committee. The Board has adopted mandates for each committee. The Board has determined that additional committees are not necessary at this stage of the Corporation's development.

The primary function of the Corporate Governance and Compensation Committee is as described herein. The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Corporation's policies, procedures and practices at all levels.

The primary function of the Health, Safety and Environment Committee is to assist the Board in fulfilling its oversight in respect of the development, implementation and monitoring of the Corporation's health, safety and environmental policies.

## **9. Assessments**

As part of its mandate, the Board is responsible for reviewing annually the composition of the Board and its committees and assessing the performance of the Directors on an ongoing basis. Assessment questionnaires are provided to the individual Directors annually to assess both Board and individual Director effectiveness. The reports of the assessment questionnaires are summarized and provided to the Chairman of the Board for review with each Director.

### **AUDIT COMMITTEE INFORMATION**

Certain other information regarding the Corporation's Audit Committee that is required to be disclosed in accordance with National Instrument 52-110 - *Audit Committees* is contained in the Corporation's annual information form for the year ended December 31, 2013, which is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **ADDITIONAL INFORMATION**

The Corporation regularly files quarterly and annual financial statements, as well as material change reports, MD&A and other important information with the securities commissions or similar authorities in each of the provinces of Canada. Financial information of the Corporation is contained in the Annual Financial Statements and MD&A. Copies of such documents are available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) or may be obtained on request and without charge from Barry O'Brien at 2900, 255 - 5th Avenue S.W., Calgary, Alberta T2P 3G6, phone (403) 290-2478, facsimile (403) 355-2211.

**APPENDIX A**

**AMENDED AND RESTATED BY-LAW NO. 1**

A By-law relating generally to the transaction of the business and affairs of Canyon Services Group Inc.

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IT IS HEREBY ENACTED as Amended and Restated By-law No. 1 of Canyon Services Group Inc. (hereinafter called the “**Corporation**”), which replaces all previous by-laws of the Corporation and amendments thereto as follows:

**SECTION ONE**  
**INTERPRETATION**

**1.01 Definitions**

In the by-laws of the Corporation, unless the context otherwise requires:

“**Act**” means the *Business Corporations Act* (Alberta), and any statute that may be substituted therefor, including the regulations thereunder, as from time to time amended;

“**appoint**” includes “**elect**” and vice versa;

“**Articles**” means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;

“**Board**” means the board of directors of the Corporation;

“**By-laws**” means this amended and restated by-law no. 1 and all other by-laws of the Corporation from time to time in force and effect;

“**Meeting of Shareholders**” means any meeting of Shareholders, including any meeting of one or more classes or series of Shareholders;

“**public filing or announcement**” means disclosure in a press release disseminated by the Corporation through a national news service in Canada or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com);

“**recorded address**” means, in the case of a Shareholder, the address of such Shareholder as recorded in the securities register; in the case of joint Shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the Board, the latest address of such person as recorded in the records of the Corporation;

“**Shareholders**” means the holders of any class or series of shares of the Corporation; and

“**Signing Officer**” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, unincorporated organizations and personal representatives.

## **1.02 Conflict with the Act, the Articles or any Unanimous Shareholder Agreement**

To the extent of any conflict between the provisions of the By-laws and the provisions of the Act, the Articles or any unanimous shareholder agreement relating to the Corporation, the provisions of the Act, the Articles or the unanimous shareholder agreement shall govern.

## **1.03 Headings and Sections**

The headings used throughout the By-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the By-laws. “Section” followed by a number means or refers to the specified section of this By-law.

## **1.04 Invalidity of any Provision of By-laws**

The invalidity or unenforceability of any provision of the By-laws shall not affect the validity or enforceability of the remaining provisions of the By-laws.

## **SECTION TWO** **BUSINESS OF THE CORPORATION**

### **2.01 Corporate Seal**

The corporate seal of the Corporation, if any, shall be in such form as the Board may from time to time by resolution approve.

### **2.02 Financial Year**

The financial year of the Corporation shall end on such date in each year as the Board may from time to time by resolution determine.

### **2.03 Execution of Instruments**

Deeds, transfers, assignments, contracts, mortgages, charges, obligations, certificates and other instruments of any nature whatsoever (collectively “**instruments**”) shall be signed on behalf of the Corporation by the President and Chief Executive Officer alone or by any two persons, one of whom holds the office of Chair of the Board, Lead Director, Chief Financial Officer, Executive Vice President, Chief Operating Officer or director and the other of whom holds one of the said offices or the office of, Vice President, Secretary, Treasurer, Assistant Secretary or Assistant Treasurer, or any other office created by resolution of the Board. In addition, the Board is authorized from time to time by resolution to appoint any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments. Any Signing Officer may affix the corporate seal to any instrument requiring the same.

### **2.04 Execution in Counterpart, By Facsimile, and by Electronic Signature**

- (a) subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by electronic means or by facsimile; and
- (b) any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document.

### **2.05 Banking Arrangements**

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

### **2.06 Voting Rights in Other Bodies Corporate**

The Signing Officers may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board or, failing the Board, the Signing Officers may from time to

time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## **2.07 Divisions**

The Board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the Board may consider appropriate in each case. From time to time the Board may authorize upon such basis as may be considered appropriate in each case:

- (a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

## **SECTION THREE DIRECTORS**

### **3.01 Number of Directors**

The Board shall consist of the number of directors provided in the Articles, or, if a minimum number and a maximum number of directors is so provided, the number of directors of the Corporation shall be determined from time to time by resolution of the directors.

### **3.02 Calling and Notice of Meetings**

Meetings of the Board shall be called and held at such time and at such place as the Board, the Chair of the Board, Chief Executive Officer and President, or any two directors may determine, and the Secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the Board shall be given in the manner provided in Section 10 to each director not less than forty-eight (48) hours before the time when the meeting is to be held unless waived in accordance with the Act. A notice of a meeting of the Board need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the Board may from time to time fix a day or days in any month or months for regular meetings of the Board at a place and hour to be named, in which case no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat. Provided that a quorum of directors is present, each newly elected Board may, without notice, hold its first meeting following the Meeting of Shareholders at which such Board was elected.

### **3.03 Place of Meetings**

Meetings of the Board may be held at any place in or outside Alberta.

### **3.04 Meetings by Telephonic, Electronic or Other Communication Facility**

A director may participate in a meeting of the Board or of a committee of the Board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A director

participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

### **3.05 Quorum**

Subject to the requirements under the Act requiring resident Canadians to be present at any meeting of the Board, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of directors or such greater number of directors as the Board may from time to time determine, provided that, if the Board consists of only one director, the quorum for the transaction of business at any meeting of the Board shall consist of one director.

### **3.06 Chair**

The chair of any meeting of the Board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: Chair of the Board, Lead Director, President and Chief Executive Officer, Chief Financial Officer, Executive Vice President, Chief Operating Officer or a Vice President (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chair. If the Secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a director, to act as secretary of the meeting.

### **3.07 Action by the Board**

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. A director participating in a meeting by electronic means, telephone or other communication facilities may vote by means of such facility. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote. The powers of the Board may also be exercised by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the Board.

### **3.08 Adjourned Meeting**

Any meeting of the Board may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

### **3.09 Remuneration and Expenses**

The directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

### **3.10 Officers**

The Board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the Board and, in the absence of such determination, shall be those usually incidental to the office held.

### **3.11 Agents and Attorneys**

The Board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

## **SECTION FOUR COMMITTEES**

### **4.01 Committees of the Board**

Subject to the Act, the Board may appoint one or more committees of the Board, however designated, and delegate to any such committee any of the powers of the Board.

### **4.02 Transaction of Business**

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Alberta.

### **4.03 Procedure**

Unless otherwise determined by the Board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chair and the rules for calling, holding, conducting and adjourning meetings of the committee which, unless otherwise determined, shall be the same as those governing the Board. Each member of a committee shall serve during the pleasure of the Board and, in any event, only so long as such person shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

## **SECTION FIVE PROTECTION OF DIRECTORS AND OFFICERS**

### **5.01 Limitation of Liability**

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **5.02 Indemnity**

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, indemnify a director or officer of the Corporation, a former director or officer of the Corporation, and a person who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding to which he or she is made a party to or involved by reason of that association with the Corporation or such other entity.

### **5.03 Advance Of Costs**

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 to defray the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfill the conditions set forth in the Act.

### **5.04 Court Approval**

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification pursuant to Sections 5.02.

### **5.05 Indemnities Not Exclusive**

The rights of any person to indemnification granted by the Act or 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, and shall continue as to a person who has ceased to be a director, officer, employee or agent and will enure to the benefit of the heirs and legal representatives of that person.

### **5.06 Insurance**

The Corporation may purchase, maintain or participate in insurance for the benefit of the persons referred to in Section 5.02 as the Board may from time to time determine.

## **SECTION SIX** **NOMINATION OF DIRECTORS**

### **6.01 Nomination of Directors**

Subject to the Act and the Articles, 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:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) 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
- (c) by any person (a “**Nominating Shareholder**”) who: (i) at the close of business on the date of the giving of the notice provided described in Section **Error! Reference source not found.** and on the record date for notice of such Meeting of Shareholders, is a registered holder of one or more shares carrying the right to vote at such Meeting of Shareholders; and (ii) complies with the provisions set forth in this Section.

### **6.02 Timely Notice**

A Nominating Shareholder must give notice of a nomination (a “**Nomination Notice**”) to the Chair of the Board in the proper form:

- (a) in the case of an annual Meeting of Shareholders, not less than 30 days and not more than 65 days before the date of the annual Meeting of Shareholders, unless such Meeting of Shareholders is called for a date that is less than 50 days after the date on which the first public filing or announcement of the date of such meeting was made, in which case a Nomination Notice must be given not later than the close of business on the 10<sup>th</sup> day following the date of such public filing or announcement; and
- (b) in the case of a special Meeting of Shareholders (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 15<sup>th</sup> day following the day on which the first public filing or announcement of the date of such Meeting of Shareholders was made.

The time periods for giving of a Nomination Notice shall in all cases be determined based on the original date of the annual Meeting of Shareholders or the first public announcement of the annual or special Meeting of Shareholders, as applicable. In no event shall an adjournment or postponement of an annual meeting or special Meeting of Shareholders or any announcement thereof commence a new time period for the giving of a Nomination Notice.

### **6.03 Proper Written Form**

To be in proper written form, a Nomination Notice must set forth:

- (a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Nominee**”):
  - (i) their name, age, business and residential address, principal occupation or employment for the past five years, status as a “resident Canadian” (as such term is defined in the Act);
  - (ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date (s) on which such securities were acquired;
  - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominee and the Nominating Shareholder;
  - (iv) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and
  - (v) a duly completed personal information form in respect of the Nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading;

- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
  - (i) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
  - (ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation, including any derivative or hedging arrangements;
  - (iii) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the Board;
  - (iv) a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination; and
  - (v) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities laws;
- (c) Such notice shall include a written consent duly signed by each Nominee to being named as a nominee and to serve as a director of the Corporation, if elected.
- (d) All information to be provided in a Nomination Notice shall be provided as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the Meeting of Shareholders, or any adjournment or postponement thereof.

#### **6.04 Further Information**

The Corporation may require any Nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of the 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 the Nominee, including but not limited to an affidavit confirming eligibility to serve as a director under the Act.

### **6.05 Discussion Permitted**

Nothing in this Section shall be deemed to preclude discussion by a Shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter in respect of which such Shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act.

### **6.06 Notice**

A Nomination Notice may only be given by personal delivery, facsimile transmission or by e-mail at such e-mail address as may be stipulated from time to time by the Corporation for purposes of this notice, and shall be deemed to have been given and made only at the time it is served by personal delivery to the Chair of the Board at the address of the principal executive offices of the Corporation, sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) or sent by e-mail (at the address as aforesaid); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

### **6.07 Additional Matters**

- (a) The chair of any Meeting of Shareholders (the “**Chair**”) shall have the power to determine whether any proposed nomination is made in accordance with the provisions of the By-Laws, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any Meeting of Shareholders.
- (b) Nothing in this Section shall obligate the Corporation or the Board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Corporation or Board any information with respect to any proposed nomination or any Nominating Shareholder or Nominee.
- (c) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section.

## **SECTION SEVEN SHARES**

### **7.01 Non-Recognition of Trusts**

Subject to the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation’s records or on the share certificate.

### **7.02 Joint Shareholders**

If two or more persons are registered as joint holders of any share:

- (a) the Corporation shall record only one address on its books for such joint holders;
- (b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address; and

- (c) any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

## **SECTION EIGHT** **DIVIDENDS**

### **8.01 Dividend Cheques**

A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the Board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the Shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to Shareholders by such form of electronic funds transfer as the Board considers appropriate.

### **8.02 Non-receipt of Cheques**

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

### **8.03 Unclaimed Dividends**

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **SECTION NINE** **MEETINGS OF SHAREHOLDERS**

### **9.01 Place of Meetings**

Meetings of the Shareholders shall be held at such place within Alberta as the Board shall determine. Subject to the Act, meetings may be held outside of Alberta.

### **9.02 Participation in Meeting By Electronic Means**

Any person entitled to attend a Meeting of Shareholders may participate in the Meeting of Shareholders, in accordance with the Act, by electronic means, telephone or other communication facility that permits all participants to hear each other or otherwise communicate with each other during the Meeting of Shareholders, if the Corporation makes available such a communication facility. A person participating in a Meeting of Shareholders by such means shall be deemed to be present at the Meeting of Shareholders.

### **9.03 Electronic Meetings**

If the Board or the Shareholders call a Meeting of Shareholders, the Board or those Shareholders, as the case may be, may determine that the Meeting of Shareholders shall be held, in accordance with the Act, entirely by electronic

means, telephone or other communication facility that permits all participants to communicate adequately with each other during the Meeting of Shareholders.

#### **9.04 Chair, Secretary and Scrutineers**

The Chair, who need not be a Shareholder, shall be any of the following officers as appointed by the Board to act as Chair and is present at such Meeting of Shareholders: Chair of the Board, Lead Director, President and Chief Executive Officer, Chief Financial Officer, Executive Vice President, Chief Operating Officer or a Vice President. If no such officer is present and willing to act as Chair within fifteen (15) minutes from the time fixed for holding the Meeting of Shareholders, the persons present and entitled to vote shall choose one of their number to be Chair. The Chair shall conduct the proceedings at the Meeting of Shareholders in all respects and his or her decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the Shareholders. The Secretary of any Meeting of Shareholders shall be the Secretary of the Corporation, provided that, if the Corporation does not have a Secretary or if the Secretary of the Corporation is absent, the Chair shall appoint some person, who need not be a Shareholder, to act as Secretary of the Meeting of Shareholders. The Board may from time to time appoint in advance of any Meeting of Shareholders one or more persons to act as scrutineers at such meeting and, in the absence of such appointment the Chair may appoint one or more persons to act as scrutineers at any Meeting of Shareholders. Scrutineers so appointed may, but need not be, Shareholders, directors, officers or employees of the Corporation.

#### **9.05 Persons Entitled to be Present**

The only persons entitled to be present at a Meeting of Shareholders shall be; (a) those entitled to vote at such Meeting of Shareholders; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the By-laws to be present at the Meeting of Shareholders; (d) legal counsel to the Corporation when invited by the Corporation to attend the Meeting of Shareholders; and (e) any other person on the invitation of the Chair or with the consent of the meeting.

#### **9.06 Quorum**

A quorum for the transaction of business at any Meeting of Shareholders shall be at least two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent Shareholder so entitled, and representing in the aggregate not less than fifteen percent (15%) of the outstanding shares of the Corporation carrying voting rights at the Meeting of Shareholders, provided that, if there should be only one Shareholder entitled to vote at any Meeting of Shareholders, the quorum for the transaction of business at the Meeting of Shareholders shall consist of the one Shareholder.

#### **9.07 Representatives**

The authority of an individual to represent a body corporate or association at a Meeting of Shareholders shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the Chair vote.

#### **9.08 Action by Shareholders**

The Shareholders shall act by ordinary resolution unless otherwise required by the Act, the Articles, the By-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hands or upon a poll, the Chair shall not be entitled to a second or casting vote, but may request another vote.

### **9.09 Show of Hands**

Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the Chair that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Shareholders upon the said question.

### **9.10 Ballots**

A ballot required or demanded shall be taken in such manner as the Chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the Meeting of Shareholders upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the Shareholders upon the said question.

### **9.11 Electronic Voting**

Notwithstanding Section 9.09, any vote referred to in Section 9.08 may be held, in accordance with the Act, partially or entirely by electronic means, telephone or other communication facility, if the Corporation has made available such a facility. Any person participating in a Meeting of Shareholders under Sections 9.02 or 9.03 and entitled to vote at the Meeting of Shareholders may vote, in accordance with the Act by electronic means, telephone or other communication facility that the Corporation has made available such purpose.

### **9.12 Resolution in Lieu of Meeting**

A resolution in writing signed by all the Shareholders entitled to vote on that resolution at a Meeting of Shareholders is as valid as if it had been passed at a Meeting of Shareholders. A resolution in writing may be signed in one or more counterparts.

## **SECTION TEN NOTICES**

### **10.01 Method of Giving Notices**

Except as otherwise provided herein, any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles or the By-laws or otherwise to a Shareholder, director, officer, or auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the Act. The Secretary may change or cause to be changed the recorded address of any Shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the Secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

### **10.02 Notice to Joint Holders**

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

**10.03 Computation of Time**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

**10.04 Omissions and Errors**

The accidental omission to give any notice to any Shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

**10.05 Persons Entitled by Death or Operation of Law**

Every person who, by operation of law, transfer, death of a Shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the Shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

**SECTION ELEVEN**  
**EFFECTIVE DATE**

**11.01 Effective Date**

This By-law shall come into force when made by the Board in accordance with the Act.

**11.02 Repeal**

All previous by-laws of the Corporation are repealed as of the coming into force of this By-law. Such repeal shall 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, or the validity of any Articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the Shareholders or the Board or a committee of the Board with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this By-law and until amended or repealed.

MADE by the Board the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Chief Executive Officer and President

CONFIRMED by the Shareholders in accordance with the Act the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Chief Executive Officer and President