



# **Management Information Circular**

**Dated  
March 28, 2018**

## **Annual General and Special Meeting**

**Thursday, May 10, 2018  
8:00 AM MDT  
Metterra Hotel  
10454 82 Avenue  
Edmonton, AB T6E 4Z7**

**NOTICE OF THE ANNUAL GENERAL  
AND SPECIAL MEETING OF  
SHAREHOLDERS**

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Jim Rakievich"

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Jim Rakievich  
President & Chief Executive Officer

**NOTICE IS HEREBY GIVEN THAT** the Annual General and Special Meeting (the "Meeting") of the holders of common shares ("Common Shares") of McCoy Global Inc. (the "Corporation" or "McCoy Global") will be held at the Metterra Hotel, on the 10<sup>th</sup> day of May, 2018 at the hour of 8:00 a.m. MDT for the following purposes:

1. to fix the number of directors of the Corporation to be elected at the Meeting at five (5) members;
2. to elect the Board of Directors of the Corporation for the ensuing year;
3. to receive and consider the Audited Financial Statements of the Corporation for the fiscal year ended December 31, 2017 together with the Auditors' Report thereon;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of the grant of unallocated options under the stock option plan of the Corporation;
6. to consider and, if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of a restricted share plan for the Corporation;
7. to consider and, if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of the voluntary transfer of the listing of the Corporation's Common Shares from the Toronto Stock Exchange to the TSX Venture Exchange; and
8. to transact such other business as may properly come before the Meeting.

The date for determination of the shareholders entitled to receive Notice of the Meeting and vote shall be holders of Common Shares of the Corporation of record at the close of business on March 28, 2018.

**DATED** at the City of Edmonton, in the Province of Alberta, this 28<sup>th</sup> day of March, 2018.

## INVITATION TO SHAREHOLDERS

On behalf of the Board of Directors and the executive management team of McCoy Global, we invite you to join us at McCoy Global Inc.'s Annual General and Special Meeting. The Meeting will be held:

**Date:** Thursday, May 10, 2018  
**Time:** 8:00 a.m. MDT  
**Place:** Metterra Hotel  
10454 82 Avenue  
Edmonton, AB T6E 4Z7

At the Meeting, holders of Common Shares of McCoy Global will be asked to consider and, if thought appropriate, approve the business items in the notice of meeting and this Management Information Circular. At the end of the Meeting, a question and answer session will take place and at the reception following,

you will have an opportunity to meet your directors and executive management team.

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend but would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited with the Corporation in care of Computershare Trust Company of Canada, Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 at least forty eight (48) hours prior to the meeting, excluding Saturday, Sunday and holidays, or any adjournment(s) thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.

Late proxies may be accepted or rejected by the Chair of the meeting at the Chair's discretion, and the Chair is under no obligation to accept or reject any particulate late proxy.

## GENERAL INFORMATION

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of McCoy Global Inc. (the "Corporation" or "McCoy Global") for use at the Annual General Meeting of the holders of common shares (the "Common Shares") of the Corporation to be held at the Metterra Hotel, 10454 82 Avenue, in the City of Edmonton, Alberta on Thursday, the 10th day of May, 2018 at 8:00 a.m. MDT, or at any adjournment thereof (the "Meeting"), for the purposes set forth in the enclosed Notice of Meeting. The information contained herein is given as of the 31st day of March, 2018 (the "Effective Date"), except where otherwise indicated. There is enclosed herewith a form of proxy for use at the Meeting. The Corporation's annual consolidated financial statements to be presented at the Meeting are available on SEDAR at [www.sedar.com](http://www.sedar.com). Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote in person or by proxy on matters to be considered.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly employed therefore. All costs of this solicitation will be borne by the Corporation.

In accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements have been 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 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.

## APPOINTMENT AND REVOCATION OF PROXIES

**The persons named (the "Management Designees") in the enclosed instrument of proxy ("Instrument of Proxy") have been selected by the Board of Directors of the Corporation (the "Board") and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him or her to

the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached, where an attorney executed the proxy form or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized. In addition, a proxy may be revoked by a shareholder personally attending the meeting and voting his or her shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Computershare Trust Company of Canada, Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chair of the Meeting in the Chair's discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or the shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, with Computershare Trust Company of Canada, Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chair of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting their shares.

## ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder’s name. 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 shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to

Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. 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 the Beneficial Shareholder’s 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 provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

This Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting may have been sent directly by the Corporation, rather than through an intermediary, to non-objecting beneficial owners under National Instrument 54-101. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## VOTING OF PROXIES

Each shareholder may instruct the shareholder's proxy how to vote the shareholder's Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted for or against or withheld from voting (including the voting on any ballot) in respect of each proposed resolution, as the case may be, and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the Effective Date, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

## QUORUM

A quorum of shareholders is present at a meeting of shareholders if a holder or holders of not less than 10% of the Common Shares entitled to vote at a meeting of shareholders are present in person or by proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the Effective Date, the Corporation is authorized to issue an unlimited number of Common Shares, of which 27,684,239 Common Shares are issued and outstanding. The Corporation is also authorized to issue an unlimited number of preferred shares, none of which are issued or outstanding as at the Effective Date. The Common Shares are the only shares entitled to be voted at the meeting and holders of common shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on March 28, 2018 (the "Record Date") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (i) the holder transfers the holder's shares after the close of business on the Record Date, and (ii) such transferee produces properly endorsed share certificates to the Secretary or Transfer Agent of the Corporation, or otherwise establishes the holder's ownership of the shares, at least ten (10) days prior to the Meeting, in which case the transferee may vote those shares.

Set out below are the names of all persons or companies who, to the knowledge of the directors and executive officers of the Corporation, beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to all issued and outstanding Common Shares.

NAME AND MUNICIPALITY	TYPE OF OWNERSHIP	NUMBER AND PERCENTAGE OF COMMON SHARES BENEFICIALLY OWNED DIRECTLY OR INDIRECTLY, CONTROLLED OR DIRECTED
Burgundy Asset Management Ltd. ("Burgundy") Toronto, ON	Beneficial	4,783,500 (17%)
Franklin Bissett Investment Management, Ltd. ("Franklin") Calgary, AB	Beneficial	4,423,325 (16%)
Fidelity Management & Research Company ("Fidelity") Toronto, ON	Beneficial	4,152,635 (15%)
Wellington Management Company, LLP ("Wellington") Boston, MA	Beneficial	3,591,880 (13%)

## FREQUENTLY ASKED QUESTIONS

### **Q Am I entitled to receive notice of the Meeting and attend the Meeting?**

**A** Yes, if you are a holder of Common Shares of the Corporation as at March 28, 2018, which is the record date for the Meeting.

### **Q Am I entitled to vote and what am I voting for?**

**A** If you hold Common Shares as of the close of business on March 28, 2018, you are entitled to cast one vote per Common Share held on the matters set forth in the accompanying Notice of Meeting.

### **Q Am I a registered or beneficial shareholder?**

**A** You are a registered shareholder if you have a share certificate registered in your name.

You are a beneficial shareholder if:

- Your Common Shares are registered in the name of an intermediary (i.e. a bank, trustee or an investment dealer) or the name of a clearing agency of which the intermediary is a participant; or
- You hold your Common Shares through the Corporation's Employee Share Purchase Plan.

### **Q How can I vote my Common Shares?**

**A** You can vote either by attending and voting your Common Shares at the Meeting or, if you cannot attend the Meeting, by having your Common Shares voted by proxy. How you exercise your vote depends on whether you are a registered or beneficial shareholder.

#### **Voting by attending the Meeting – registered and beneficial shareholders**

If you are a registered shareholder, you are entitled to attend the Meeting and cast your vote in person.

If you are a beneficial shareholder, you are entitled to attend the Meeting and cast your vote in person, provided you have submitted a properly executed proxy (signed by the registered holder), inserting your name in the blank space provided and returning it in the envelope provided. When you arrive at the Meeting, advise the registration staff that you are a proxy appointee. If you have received a voting instruction form, please follow the instructions on the form.

Solium Inc. ("Solium") is the trustee of all Common Shares held on behalf of members of the Corporation's Employee Share Purchase Plan.

#### **Voting by proxy**

How you vote depends on whether you are a registered shareholder, a beneficial shareholder or a holder of employee shares.

#### **Voting by proxy – registered shareholders**

If you are a registered shareholder, you may vote your proxy by depositing same with the Corporation in care of Computershare Trust Company of Canada, Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 at least forty eight (48) hours prior to the Meeting, excluding Saturday, Sunday and holidays, or any adjournment(s) thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk. Late proxies may be accepted or rejected by the Chair of the Meeting at the Chair's discretion and the Chair is under no obligation to accept or reject any particular late proxy.

#### **Voting by proxy – beneficial shareholders**

If you are a beneficial shareholder and you receive materials entitling you to vote through an investment dealer or other intermediary, complete and return such materials, by following the instructions provided to you by the investment dealer or other intermediary.

**Q What if I am an employee of the Corporation and hold shares which were purchased through the Employee Share Purchase Plan?**

A If you are an employee of the Corporation and have purchased shares through the Employee Share Purchase Plan you are treated in the same manner as beneficial shareholders. You are entitled to attend the Meeting and cast your vote in person, provided you have submitted a properly executed proxy, inserting your name in the blank space provided and returning it according to the instructions on the form. When you arrive at the meeting, advise the registration staff that you are a proxy appointee.

**Q Who votes my shares?**

A Each of the Management Designees named in the proxy to represent shareholders at the Meeting is a director and/or officer of the Corporation. You can appoint someone else to represent you at the Meeting; however, you must appoint that person by proxy by inserting his or her name in the appropriate space on the proxy form, or completing another acceptable paper proxy. The person you appoint does not need to be a shareholder but must attend the Meeting in person in order for your vote to be cast.

**Q How will my shares be voted if I return a proxy?**

A By completing and returning a proxy, you are authorizing the person named in the proxy to attend the Meeting and vote your shares on each item of business you are entitled to vote on, according to your instructions. If there are no instructions with respect to your proxy, your Common Shares will be voted in favour of:

- fixing the number of directors to be elected at the Meeting at five (5) members;
- electing as a director each person nominated by the Corporation for the ensuing year;
- appointing PricewaterhouseCoopers LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration;
- approving all unallocated stock options under the Corporation's stock option plan;
- approving a restricted share plan for the Corporation; and
- approving the voluntary transfer of the listing of the Corporation's Common Shares from the Toronto Stock Exchange to the TSX Venture Exchange.

**Q Can I revoke a proxy?**

A Yes, if you are a registered shareholder and have voted by proxy, you may revoke it by delivering a duly executed proxy with a later date or a form of revocation of proxy.

Such proxies can be delivered to the Corporation c/o Computershare Trust Company of Canada, Proxy Department, 8th floor, 100 University Avenue, Toronto Ontario, M5J 2Y1 at least forty eight (48)

hours prior to the Meeting, excluding Saturday, Sunday and holidays, or any adjournment(s) thereof.

Alternatively, you may revoke your proxy and vote in person, by delivering a form of revocation of proxy to the Chair of the Meeting at the Meeting or any adjournment thereof before the vote in respect of which the proxy is to be used is taken. You may also revoke your proxy in any other manner permitted by law.

If you are a beneficial shareholder, you may revoke your proxy or voting instructions by contacting the individual who serves your account, prior to the proxy cut-off time of at least forty eight (48) hours prior to the Meeting, excluding Saturday, Sunday and holidays, or any adjournment(s) thereof.

As a holder of employee shares, if you have provided your proxy you may revoke it by delivering another with a later date or a form of revocation of proxy, no later than forty eight (48) hours prior to the Meeting, excluding Saturday, Sunday and holidays, or any adjournment(s) thereof.

**Q Who has discretionary authority to vote on amendments or variations to any of the business items and on any other matter that may properly come before the meeting?**

A Your voting instructions provided by proxy give discretionary authority to the person you appoint to vote as he or she sees fit on any amendment or variation to any of the matters identified in the notice of the meeting and any other matters that may properly be brought before the Meeting, to the extent permitted by law. As of the Effective Date, neither the directors nor senior officers of the Corporation are aware of any variation, amendment or other matter to be presented for a vote at the Meeting.

## BUSINESS TO BE TRANSACTED

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### 1. NUMBER OF DIRECTORS

Shareholders of the Corporation will be asked to consider, and if thought appropriate, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

In order to be effective an ordinary resolution requires approval by a majority of the votes cast by shareholders who vote in respect of the resolution. At the Meeting, it will be proposed that seven directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed it is the intention of the Management Designees, if named as proxy, to vote the proxies in favour of the resolution fixing the number of directors to be elected at the Meeting at five (5).**

### 2. ELECTION OF DIRECTORS

The affairs of the Corporation are managed by its Board of Directors. The directors are elected by the shareholders annually at each annual general meeting of the shareholders and hold office until the next annual general meeting, or until their successors are duly elected or appointed or until a director vacates the director's office or his office is earlier vacated in accordance with the by-laws of the Corporation, or the provisions of the *Business Corporations Act* (Alberta) to which the Corporation is subject.

The Corporate Governance Guidelines includes a majority voting policy ("Policy") relating to the election of directors in non-contested elections. Under the Policy, each proxy for the election of directors will permit the shareholders to vote "For" or "Withhold" each individual director, and any director nominee who receives from the votes cast a greater number of "Withhold" votes than "For" votes shall promptly, following the certification of the shareholder vote, submit his or her resignation from the Board, which shall either accept or reject the resignation in accordance with the Policy.

For the forthcoming year, it is proposed that the Board of Directors shall consist of five (5) members.

The persons named below have been nominated for election and have consented to such nomination.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.**

The following provides the name and background information of each nominee, present principal occupation, principal occupations during the past five years, and positions held with the Corporation, if any.



**TERRY D. FREEMAN,**  
**FCPA, FCA, ICD.D<sup>(1)(2)</sup>**  
Edmonton, Alberta, Canada  
Director since: September 2009  
Independent Director

Mr. Freeman is a Fellow of the Institute of Chartered Professional Accountants of Alberta and is the former Chief Financial Officer of Flint Energy Services Ltd., a TSX listed company, from 2001 to 2007 as well as for its private company predecessors from 1992 to 2001.

Mr. Freeman is Head of Investments for ATB Capital. Mr. Freeman is also a Director and Audit Committee Chair of Vertex Resource Group Ltd. (TSXV : VTX) and a Director for a number of other private corporations.

Prior to that, Mr. Freeman was the Chairman & Chief Executive Officer of Magnum Energy Services a service company in the business of preventing surface wear from corrosion and abrasion; a Managing Director of Northern Plains Capital Corporation; and, a Director and Audit Committee member of Flint Energy Services Ltd. (formerly, TSX – FES).

Mr. Freeman graduated from the University of Alberta with a Bachelor of Commerce degree, and has completed the Directors Education Program offered jointly by the Institute of Corporate Directors and the Rotman School of Management at the University of Toronto. Mr. Freeman has 25 years of experience in energy services companies applicable to the Corporation's operations. He has been involved in over 75 acquisitions of companies and is a faculty member of the Institute of Chartered Professional Accountants of Alberta CFO Leadership Course, teaching the corporate governance module.



**CARMEN LOBERG<sup>(1)(2)</sup>**  
Calgary, Alberta, Canada  
Director since: May 2008  
Independent Director

Mr. Loberg was the President and Chief Executive Officer of NorTerra Inc., an Edmonton-based investment and management company with investments in air and marine transportation, logistics, industrial supplies and manufacturing, a position he held from 2000 until his retirement in June of 2010.

Mr. Loberg is a Director, Chair of the Governance Committee and Audit Committee member of Stuart Olson Inc. (TSX – SOX). Mr. Loberg is also a Director, Chair of the Human Resources and Compensation Committee and an Audit Committee member of the Vancouver Fraser Port Authority (Port of Vancouver).

Mr. Loberg is a former Director and Chair of the Compensation, Corporate Governance and Nominating Committee of HNZ Group Inc. (TSX – HNZ) (formerly Canadian Helicopters Group Inc.). He was also a former member of the board of directors of the Edmonton Oilers Community Foundation.



**JIM RAKIEVICH, ICD.D**  
Edmonton, Alberta, Canada  
President & Chief Executive  
Officer  
Director since: October 2002

Mr. Rakievich is the President and Chief Executive Officer of McCoy Global and has served in this capacity since 2002. Prior to his appointment as President and Chief Executive Officer, Mr. Rakievich served the Corporation in senior executive roles since 1996.

Mr. Rakievich completed the Directors Education Program offered jointly by the Institute of Corporate Directors and the Rotman School of Management at the University of Toronto and holds his ICD.D. designation. He completed the executive development program at the Kellogg School of Business at Northwestern University in 2001. Mr. Rakievich is a Director of Cougar Drilling Solutions Inc. as well as Snubbtech Inc., both private Edmonton based companies.



**CHRIS SEAVER, MBA, J.D.**  
 Calgary, Alberta, Canada  
 Chair since: June 2014  
 Director since: December 2010  
 Independent Director

Mr. Seaver was Chairman of the Board, President and Chief Executive Officer of Hydril Company ("Hydril") (formerly, NASDAQ – HYDL), an oil and gas services company specializing in pressure control equipment and premium connections for tubing and casing, until it was sold in 2007. He joined Hydril in 1985 and held a series of domestic and international management positions after that time.

Prior to joining Hydril, Mr. Seaver was a corporate and securities lawyer and, before that, a U.S. Foreign Service Officer with postings in Congo and Colombia. He holds a B.A. in economics from Yale University and a J.D. and MBA from Stanford University. Mr. Seaver is presently a director, and on the audit committee, of both Exterran Corporation (NYSE - EXTN) and Oil States International Inc. (NYSE - OIS).



**DALE E. TREMBLAY<sup>(1)(2)</sup>**  
 Calgary, Alberta, Canada  
 Director since: May 2015  
 Independent Director

Mr. Tremblay was the founder, Chairman and Chief Executive Officer of Western Energy Services Corp. from December 2009 to December 2013. Prior thereto, Mr. Tremblay was the Chairman of SES Holdings Limited, the parent company of Saxon Energy Services Inc., from August 2005 to December 2009 in addition to serving as President and Chief Executive Officer of Saxon Energy Services Inc. Prior thereto, he was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

Mr. Tremblay began his career with Hudson's Bay Oil and Gas Company Limited, Ocelot Industries Ltd., his own financial services company, refinancing J-Horn Drilling Ltd. and Spartan Drilling Limited which was sold to Precision Drilling Corporation.

Mr. Tremblay has had extensive dealings in the public markets in both Canada and the United States. He has over 40 years of experience in the oilfield services industry in both the domestic and international markets. Mr. Tremblay is self-employed and serves as a corporate director, including Horizon North Logistics Inc. (TSX – HNL), a company specializing in remote accommodations in Western Canada and Alaska; Cathedral Energy Services Ltd. (TSX – CET), a company providing directional drilling services; and Cleantek Inc. a new eco friendly technology.

- (1) Member of the Audit Committee.
- (2) Member of the Human Resources, Compensation & Governance Committee.

### Director Equity Ownership

The following provides the director equity ownership in the Corporation as at March 27, 2018:

DIRECTOR	# OF COMMON SHARES <sup>(1)</sup>	# OF DEFERRED SHARED UNITS	TOTAL # OF COMMON SHARES AND DSUS	TOTAL VAULE OF COMON SHARES AND DSUS (\$) <sup>(2)</sup>
Terry D. Freeman	-	56,535	56,535	79,149
Carmen Loberg	42,000	35,595	77,595	108,633
Jim Rakievich <sup>(3)</sup>	536,535	-	536,535	751,149
Chris Seaver	144,000	32,990	176,990	247,786
Dale E. Tremblay	15,000	24,641	39,641	55,497

- (1) The information as to the Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors.

- (2) The value of common shares and DSUs was determined by multiplying the number of Common Shares and DSUs held by each director by the closing price of the Common Shares on the Toronto Stock Exchange on March 27, 2018 of \$1.40.
- (3) The total number of Common Shares above excludes any Common Shares purchased through the Corporation's Employee Share Purchase Plan for the period of January 1, 2018 to March 27, 2018.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

### *Cease Trade Orders and Bankruptcies*

Except as described below, to the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such proposed directors) is, as of the Effective Date, or has been within ten (10) years before the Effective Date, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued 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 that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, to the knowledge of the Corporation no proposed director of the Corporation (nor any personal holding company of any of such proposed directors): (i) is, as of the Effective Date, or has been within the ten (10) years before the Effective Date, 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; or (ii) has, within the ten (10) years before the Effective Date, 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 creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Terry D. Freeman was a director of GLM Industries Ltd., a private company, until April 9, 2015. GLM Industries Ltd. was placed into receivership on July 6, 2015.

Mr. Chris Seaver served as a director of Innovative Wireline Solutions Inc. ("IWS") from June 30, 2010 until October 26, 2011. On December 2, 2011 the Alberta Securities Commission issued a Cease Trade Order ("CTO") for the ceasing of trading in or purchasing of any securities of IWS; on December 6, 2011, the British Columbia Securities Commission issued a CTO in respect of IWS, and on December 19, 2011, the Ontario Securities Commission issued a CTO in respect of IWS. These orders were issued due to the failure of IWS to file interim financial statements and the associated management's discussion and analysis and certificates under National Instrument 52-109 for the interim period ended September 30, 2011. These CTOs have not been revoked.

Mr. Dale E. Tremblay was a director of Liv Spa Inc., a private company that was placed into voluntary bankruptcy on August 22, 2008, which bankruptcy was completed on December 2, 2009. He was also a director of Gasfrac Energy Services Inc. ("GasFrac") between May 27, 2014 and February 13, 2015. Pursuant to court supervised creditor protection proceedings commenced under the *Companies' Creditors Arrangement Act* ("CCAA"), GasFrac sold most of its operating assets and intellectual property to a third party service industry competitor on April 7, 2015 and subsequently then completed a court approved CCAA Plan of Compromise and Arrangement pursuant to which a third party service industry competitor acquired 100% equity ownership of GasFrac as an operating entity on July 7, 2015. Additionally, Mr. Tremblay was a director of ATK Oilfield Transportation Inc., a private company that was placed into receivership by its lender on April 1, 2016.

### *Penalties or Sanctions*

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such proposed directors) has been subject to: (i) 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; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **3. FINANCIAL STATEMENTS**

The Board has approved the audited comparative consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017 and December 31, 2016, copies of which were posted on SEDAR at [www.sedar.com](http://www.sedar.com) on March 8, 2018. Financial information related to the Corporation for the year ended December 31, 2017 is provided in these financial statements and the related Management's Discussion and Analysis.

#### 4. APPOINTMENT AND REMUNERATION OF AUDITORS

The shareholders will be asked to vote for the re-appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation. **Unless directed otherwise by a proxyholder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing PricewaterhouseCoopers LLP, Chartered Accountants, of Edmonton, Alberta, as auditors for the Corporation for the ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until the firm of PricewaterhouseCoopers LLP, Chartered Accountants, is removed from office or resigns as provided by law or by the Corporation's by-laws, and authorizing the directors to fix the compensation of the auditors.

#### 5. APPROVAL OF UNALLOCATED OPTIONS UNDER THE CORPORATION'S OPTION PLAN

At the Meeting, shareholders of the Corporation will be asked to approve the unallocated options under the Corporation's stock option plan ("Option Plan") as originally approved by the Corporation's shareholders on May 19, 2011 and as amended on February 9, 2012, May 22, 2014, March 11, 2015 and November 8, 2017. The Option Plan provides that ten percent (10%) of the issued and outstanding Common Shares of the Corporation can be reserved for issuance under the Option Plan rather than a fixed maximum number of Common Shares. The Toronto Stock Exchange ("TSX") requires a majority of the shareholders of the Corporation to approve, every three years, the unallocated options under the Option Plan. For a description of the Option Plan see "*SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS*".

The number of unallocated options is calculated by subtracting the number of outstanding options to acquire Common Shares at any given time from the number that represents 10% of the issued and outstanding Common Shares at the time. As of March 28, 2018, options to purchase 2,160,000 Common Shares (equal to approximately 7.8% of the outstanding Common Shares) were outstanding under the Option Plan, leaving unallocated options to purchase 608,423 Common Shares (equal to approximately 2.2% of the outstanding Common Shares) available for future grants.

Approval is being sought at the Meeting to approve the grant of unallocated options under the Option Plan. If approval is obtained, the Corporation will not be required to seek further approval of the grant of unallocated options under the Option Plan until May 10, 2021. If approval is not obtained, options outstanding at the date of the Meeting will continue unaffected. However, if approval is not obtained, the Corporation will be prohibited from making any further grants under the Option Plan and any options that expire or terminate prior to the exercise thereof will not be available for re-grant until such time as the requisite shareholder approval is obtained.

In accordance with the requirements of the TSX, approval of the unallocated options under the Option Plan requires shareholder approval every three years. Such shareholder approval must be obtained by a majority of the votes cast at a meeting of the shareholders. The Board of Directors has unanimously approved the unallocated options under the Option Plan.

At the Meeting, the shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving the unallocated options under the Corporation's Option Plan.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the unallocated options under the Option Plan is as follows:

**"BE IT RESOLVED as an ordinary resolution of the Corporation that:**

- 1. all unallocated options under the Option Plan of the Corporation, as amended from time to time, are hereby approved and authorized, which approval shall be effective until May 10, 2021; and**
- 2. any one (or more) director or officer of the Corporation is, hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution."**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of this ordinary resolution approving the unallocated options.** In order for the resolution approving the unallocated options under the Corporation's Option Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting.

#### 6. APPROVAL OF THE RESTRICTED SHARE PLAN

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution to approve and adopt the restricted share plan (the "Restricted Share Plan").

The Corporation is seeking Shareholder approval for the issuance of Common Shares from treasury pursuant to the Corporation's new Restricted Share Plan. The Board intends to use Restricted Share Units ("RSUs") issued under the Restricted Share Plan, as well as options issued under the Option Plan, as part of the Corporation's overall executive compensation plan. Since the value of RSUs increase or decrease with the price of the Shares, RSUs achieve the compensation objective of aligning the interests of executives with those of shareholders. In addition, RSUs have time-based vesting features that can be used to better motivate executives and to encourage qualified and experienced executives to make long-term commitments to the Corporation.

The terms of the Restricted Share Plan include the following:

- the Corporation's directors, officers, key employees and consultants, or those of its subsidiaries, are eligible to receive restricted shares (the "Restricted Shares") under the Restricted Share Plan;
- "Market Price" per Common Share at any date shall be determined from time to time by the Board but, in any event, shall not be lower than the closing market price of the Common Shares on the TSX on the last trading day preceding the date of grant or settlement, as applicable. In the event that no trades of the Common Shares have taken place on the TSX on any trading day within a five day period immediately preceding the date of grant, the Board may, in their sole discretion, select as the Market Price per Common Share, the weighted average trading price of the Common Shares on the TSX over the last ten trading days on which the Common Shares traded on the Exchange immediately preceding the date of the grant;
- the maximum number of Common Shares issuable pursuant to the Restricted Share Plan, together with all other share-based compensation arrangements of the Corporation, is a "rolling" maximum equal to 10 percent of the total outstanding Common Shares on a non-diluted basis;
- the aggregate number of Common Shares reserved for issuance to any one person under the Restricted Share Plan, together with all other share-based compensation arrangements of the Corporation, must not exceed five (5%) percent of the then outstanding Common Shares;
- the aggregate number of Common Shares reserved for issuance to insiders under the Restricted Share Plan, together with all other share-based compensation arrangements of the Corporation, must not exceed ten (10%) percent of the then outstanding Common Shares;
- the aggregate number of Common Shares issued to insiders under the Restricted Plan, together with all other share-based compensation arrangements of the Corporation, within a one-year period, must not exceed ten (10%) percent of the then outstanding Common Shares;
- the vesting arrangements are within the discretion of the Board;
- the term of any grants of Restricted Shares are within the discretion of the Board, but cannot be longer than ten (10) years;
- in the event that the expiry date of a Restricted Share, as applicable, falls within a "black-out period" imposed by the Corporation the expiry date of such Restricted Share, as applicable, shall be ten (10) business days from the date such "black-out period" ends; in the event that the expiry date of a Restricted Share, as applicable, falls within five (5) business days immediately after a "black-out period" ends, the ten (10) business day extension of the Award, as applicable, shall be reduced by the number of days between the original expiry date and the date the "black-out period" ends;
- other than by reason of death, Restricted Shares terminate on the earlier of (i) the close of business thirty (30) days after the participant ceases to be at least one of a key employee, director, officer or consultant of the Corporation; (ii) the close of business thirty (30) days after the participant has been provided with written notice of dismissal and (iii) the expiry date of the Restricted Share;
- in the event of death of a participant, any unvested portion of such Restricted Shares shall immediately vest and may be exercised by such participant's legal representative up to ninety (90) days after the death of the participant, unless extended by the Board;
- Restricted Shares granted under the Restricted Share Plan are non-assignable except by testamentary disposition by the participant or the laws of intestate succession in the case of the death of a participant, and are exercisable only by the participant to whom the Restricted Share has been granted;
- the Board may amend, suspend or terminate the Restricted Share Plan, or any portion of the Restricted Share Plan or any Restricted Share, with approval of the TSX and shareholders by ordinary resolution;

- shareholder approval will be required in order for the Corporation to modify or amend the terms of Restricted Shares, make changes to the eligible participants that would broaden or increase insider participation under the Restricted Share Plan, or make any other amendment required to be approved by shareholders under applicable law or the rules of the TSX;
- shareholder approval will not be required for amendments of a “housekeeping” nature, amendments necessary to comply with the provisions of applicable law, amendments relating to the administration of the Restricted Share Plan and vesting provisions of Restricted Shares, amendments to the termination provisions which do not entail an extension beyond the original expiry date and any other amendment not requiring approval by the Corporation’s shareholders under applicable law; and
- upon the closing or completion of a change of control or deemed change of control (as defined in the Restricted Share Plan), the vesting of Restricted Shares shall be accelerated in full, and in the event of a potential change of control, the Board has the power to accelerate the date at which the Restricted Shares become exercisable.

The text of the Restricted Share Plan is attached to this Management Information Circular as Schedule “A”.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the Restricted Share Plan is as follows:

**“BE IT RESOLVED as an ordinary resolution of the Corporation that:**

- 1. the Restricted Share Plan as set forth in Schedule “A” to the Management Information Circular is hereby authorized and approved; and**
- 2. any one (or more) director or officer of the Corporation is, hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution.”**

## **7. VOLUNTARY TRANSFER TO THE TSXV**

Shareholders will be asked at the Meeting to consider, and if thought fit, to pass an ordinary resolution (the “Transfer Resolution”) authorizing the Corporation to voluntarily transfer the listing of the Corporation’s Common Shares from the TSX to the TSX Venture Exchange (the “TSXV”) (the “Transfer”).

The Board has determined that the Transfer will provide for greater operational efficiency and lower costs for the Corporation, while allowing shareholders to have continued trading liquidity on a recognized trading exchange.

Implementation of the Transfer is conditional upon the Corporation obtaining any necessary regulatory consents, including consent of the TSX for voluntary delisting of the Common Shares and consent of the TSXV for listing of the Common Shares. The Transfer Resolution also provides that the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Transfer, without further approval of the Corporation’s shareholders. In particular, the Board may determine not to present the Transfer Resolution to the Meeting or, if the Transfer Resolution is presented to the Meeting and approved by shareholders, the Board may determine after the Meeting not to proceed with completion of the proposed Transfer.

Accordingly, shareholders will be asked at the Meeting to consider, and if thought fit, to pass an ordinary resolution authorizing and approving the Transfer in the form below:

**“BE IT RESOLVED as an ordinary resolution of the Corporation that:**

- 1. the Corporation is authorized to make an application to the TSX to have the Common Shares voluntarily delisted from the TSX;**
- 2. the Corporation is authorized to make an application to the TSXV to have the Common Shares listed on the TSXV;**
- 3. the Corporation is authorized to prepare such disclosure documents and to make such submissions and filings that the Corporation may be required to make to the TSX and the TSXV to obtain acceptance of the Transfer;**
- 4. the directors of the Corporation are authorized, without further approval of the shareholders of the Corporation and with absolute discretion, to abandon, revoke or terminate this resolution if the directors of the Corporation decide not to proceed with the Transfer;**

5. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things, whether under corporate seal of the Corporation or otherwise, that may be necessary or desirable to give effect to this ordinary resolution; and
6. all actions heretofore taken by any officer or director of the Corporation in connection with any matters referred to in the foregoing resolution are hereby approved, ratified and confirmed in all respects.”

Based on the foregoing, the Board unanimously recommends that shareholders vote in favour of the Transfer Resolution. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote the Common Shares represented by such proxy in favour of the Transfer Resolution.**

## **8. OTHER BUSINESS**

While there is no other business other than that mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment(s) thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The shareholders approved the present Option Plan on March 19, 2011. In February 2012, the Board amended the Option Plan to include a broker-assisted cashless exercise option and additional information on withholding tax changes. The amendments did not require shareholder approval as per Section 3.9 of the Option Plan. On March 11, 2015, the Board further amended the Option Plan to (i) extend the term of options that may be granted under the Option Plan from up to five (5) years from the date of grant to up to ten (10) years from the date of grant for all options granted on or after March 11, 2015; (ii) extend the required vesting provisions for option grants from three (3) years to five (5) years such that 20% of the options granted vest in each year; (iii) refine the definition of a change of control event and to provide for automatic accelerated vesting of options in such circumstances; and (iv) implement certain other changes of a housekeeping nature. These amendments did not require shareholder approval in accordance with Section 3.9 of the Option Plan and Section 613 of the TSX Company Manual. On November 8, 2017, the Board further amended the Option Plan to remove the specific vesting provisions so as to allow the Board more discretion in regards to the timeline over which options may vest. The amendments approved on November 8, 2017 did not require shareholder approval in accordance with Section 3.9 of the Option Plan and Section 613 of the TSX Company Manual.

The following is a description of the material terms and conditions of the Option Plan, as amended. Under the Option Plan, the Board may, from time to time, grant options to purchase Common Shares to certain directors, officers, key employees and service providers of the Corporation and its operating subsidiaries. The maximum number of Common Shares issuable under the Option Plan, together with all other security based compensation arrangements of the Corporation, is 10% of the Common Shares outstanding from time to time on a non-diluted basis, subject to the following limitations:

- (a) the aggregate number of Common Shares reserved for issuance to any one person under the Option Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Common Shares (on a non-diluted basis);
- (b) in the aggregate, no more than 10% of the outstanding issue of Common Shares (on a non-diluted basis) may be reserved at any time for insiders under all security based compensation arrangements of the Corporation, including the Option Plan; and
- (c) the number of securities of the Corporation issued to insiders, within any one year period, under all security based compensation arrangements, including the Option Plan, cannot exceed 10% of issued and outstanding Common Shares (on a non-diluted basis).

The exercise price per Common Share shall be fixed by the Board but under no circumstances shall any exercise price at the time of the grant be lower than the closing market price of the Common Shares on the TSX on the last trading day preceding the date of grant. The term of options granted may be up to a (i) ten-year period from the date of grant for all options granted on or after March 11, 2015 or (ii) five-year period from the date of grant for all options granted on or before March 10, 2015. Except as otherwise determined by the Board, an optionee's vested options will expire 90 days after an optionee ceases to act for the Corporation, other than by reason of death or termination for cause. Options of an optionee that has been terminated for cause by the Corporation will expire on the date of termination. In the event of death of an optionee, the optionee's estate shall have 6 months in which to exercise the outstanding vested options.

The Option Plan also includes a provision that should an option expiration date fall within a black out period or within nine business days following a black out period, the expiration date will automatically be extended for ten business days following the end of the blackout period. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the option holders provided that such termination or discontinuance shall not alter or impair any option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to shareholder approval are amendments that would:

- (a) reduce the exercise price of an option held by an insider of the Corporation;
- (b) extend the expiry date of an option held by an insider of the Corporation (subject to such date being extended by virtue of the blackout provision noted above);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to insiders;
- (d) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or
- (e) amend the amendment provisions of the Option Plan.

The Option Plan does not provide any specific vesting provisions for options granted thereunder. Any vesting provisions for stock options granted under the Option Plan will be set out in the agreements evidencing such stock options and will be at the discretion of the Board. Options granted under the Option Plan are non-assignable, except in the case of the death of an optionee, and subject to early termination in the event of death or permanent disability of the optionee or the optionee ceasing to be an officer, director, employee or consultant of the Corporation or a subsidiary of the Corporation. At the discretion of the Board, the expiry date may be extended; however, in no event will an option be exercisable at a date in excess of ten (10) years from the date of grant. The Option Plan does not confer upon

an optionee any right with respect to continuation of employment with the Corporation nor does it affect in any way the rights of the Corporation or optionee to terminate the relationship between the Corporation and the optionee at any time. The Option Plan contains standard anti-dilution provisions.

Subject to any laws applicable to the Corporation, the Option Plan provides that on terms and conditions to be determined by the Board, the Board may at any time authorize the Corporation to loan money to the optionee to assist such optionee in exercising an option held by him.

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at December 31, 2017.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS 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 security holders	2,160,000 Common Shares	\$3.66 per Common Share	608,423 Common Shares <sup>(1)</sup>
Equity compensation plans not approved by security holders	Nil	-	Nil
Total	2,160,000 Common Shares	\$3.66 per Common Share	608,423 Common Shares <sup>(1)</sup>
Total as a percentage of issued and outstanding common shares	7.8%	-	2.2%

(1) At March 28, 2018 the number of securities remaining available for future issuance under equity compensation plans is not available to be granted as the unallocated entitlements approval expired.

The following table sets forth the annual burn rate of the Corporation's stock options over the past three fiscal years:

BURN RATE (AS AT DECEMBER 31)	2017	2016	2015
Burn rate	1.9%	3.1%	2.5%

## COMPENSATION DISCUSSION & ANALYSIS

### HUMAN RESOURCES, COMPENSATION & GOVERNANCE COMMITTEE

In 2018, the Corporation's Human Resources and Compensation Committee and Governance Committee were amalgamated as the Human Resources, Compensation & Governance Committee ("the HRC&G Committee").

One of the mandates of the HRC&G Committee is to assist the Board of Directors in fulfilling its oversight responsibilities including the following:

- Appointment, performance and compensation of the CEO;
- Compensation structure and succession planning for key executive positions; and
- Provide guidance on the Corporation's People and Culture strategy and alignment with the overall strategic plan of the Corporation.

In addition, the Board of Directors, with oversight by the HRC&G Committee, assesses risk associated with executive compensation by actively reviewing compensation design and compensation decision making processes. The Board, through the HRC&G Committee's workplan and charter, assess and determine risk and risk level related to compensation programs embedded in the business model as well as any short term compensation gain for executives that may create excessive risk to the Corporation.

The HRC&G Committee is satisfied that:

- The Corporation's policy and plans on compensation do not encourage any Named Executive Officer (NEO) or employee who is in a senior management or leadership position to take inappropriate or excessive risks; and
- There were not any identified risks arising from the Corporation's compensation plans or policies that would have had any negative or material impact on the Corporation.

The Corporation's compensation practices and plans are aligned with the overall business strategy and are designed in accordance with progressive people and culture practices that are focused on engagement, retention and performance.

Further information on the HRC&G Committee and its membership is available under the Statement of Corporate Governance Practices in this Management Information Circular.

### COMPENSATION OF DIRECTORS

As at the Effective Date, the Corporation has five directors, of which four are considered to be independent directors. National Instrument 58-101 provides that a director is independent if he or she would be independent within the meaning of Section 1.4 of National Instrument 52-110.

The Corporation's director compensation program is designed to address the following:

- Complexity                      The complexity of the Corporation
- Competitiveness              Attracting and retaining knowledgeable and skilled directors is a challenge in today's economic climate
- Accountability                Increasing public and shareholder demands creates more accountability, governance and responsibility
- Contribution                  The contribution made by the director in time and expertise
- Growth                          The organization has a strategy emphasizing growth

### Annual Retainers and Board Meeting Fees

Annual retainers and Board meeting fees are presently paid to the members of the Board of Directors who are outside directors of the Corporation on the following basis:

- (1) For US resident directors, amounts were payable in US dollars.
- (2) Fees are for meetings longer than half day. Fifty percent of fee is payable for meeting less than a half day.
- (3) No fees are payable for meetings less than one hour.

Executive officers of the Corporation who also act as directors of the Corporation did not receive any compensation for services rendered solely in their capacity as directors, other than as paid to them in their capacity as executive officers.

	ANNUAL RETAINER <sup>(1)</sup> \$	MEETING PARTICIPATION FEES \$
Board Chair	40,000	-
Director, other than Board Chair	24,000	-
Committee Chair		
- Audit	6,400	-
- Human Resources & Compensation	6,400	-
- Governance	4,000	-
Committee Member		
- Audit	5,600	-
- Human Resources & Compensation	3,200	-
- Governance	3,200	-
Board Meeting	-	1,000
Audit Committee Meeting	-	1,200
Human Resources & Compensation Committee Meeting	-	1,000
Governance Meeting	-	1,000

(1) In 2016 the Board of Directors reduced their annual retainer by 20% in response to the prolonged down-cycle and continued suppression of oil and natural gas prices and drilling activity. This reduction remained in effect for all of 2017.

Total cash remuneration earned by non-management directors of the Corporation in their capacity as directors from January 1, 2017 until December 31, 2017 was \$347,932. The Corporation also reimburses directors for related travel and out-of-pocket expenses incurred in the course of carrying out their duties as directors.

### Directors' Deferred Share Unit Plan

The Corporation has adopted a deferred share unit (“DSU”) plan for its outside directors. The DSU plan has two components: an “appointment grant” and a “continuous grant”. The appointment grant is provided to each newly appointed director. The number of DSUs issued for the appointment grant is equivalent to \$50,000, at the time of the grant. The appointment grant fully vests on the third anniversary of the grant date. The continuous grant provides for an annual issue of DSUs to eligible directors. The number of DSUs issued for the continuous grant is equivalent to \$7,500, at the time of the grant. One-third of the continuous grant vests annually on the anniversary of the grant date. On the date the participant ceases to be a director of the Corporation, the participant is paid a cash amount equal to the product obtained by multiplying the number of vested DSUs by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange for the 20 trading days prior to such date. The DSU plan is a cash plan.

### Total Compensation of Outside Directors

The table below reflects in detail the total compensation earned by the Outside Directors during the fiscal year ended December 31, 2017:

NAME	FEES EARNED		SHARE-BASED AWARDS <sup>(1)(3)</sup> (\$)	DSU CASH PAYOUT (\$)	OPTION-BASED AWARDS <sup>(2)</sup> (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)	TOTAL (\$)
	Retainer (\$)	Meeting Participation (\$)					
Frank Burdzy <sup>(5)</sup>	30,400	7,400	-	36,683	-	-	74,483
Terry D. Freeman	36,000	9,900	7,500	-	-	-	53,400
John Irwin <sup>(4),(5)</sup>	45,976	13,282	-	36,192	-	-	95,450
Carmen Loberg	31,200	8,500	7,500	-	-	-	47,200
Chris Seaver	40,000	5,500	7,500	-	-	-	53,000
Dale E. Tremblay	36,000	10,900	7,500	-	-	-	54,400

(1) “Share-Based Award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.

(2) “Option-Based Award” means an award under an equity incentive plan of options, including, for greater certainty, stock options, share appreciation rights and similar instruments that have option-like features.

- (3) Amounts shown are the DSUs granted under the terms of the Directors' Deferred Share Unit Plan and the fair value has been determined by the Board of Directors' intended value on grant date. The value of the continuous grant is currently equivalent to \$7,500, at the time of the grant.
- (4) As a US resident, Mr. Irwin's fees were earned in USD, and converted from USD to CAD using the average exchange rate for the applicable year. Share based awards were earned in CAD.
- (5) Mr. Frank Burdzy and Mr. John Irwin retired on November 8, 2017.

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

The following table sets forth details of all option-based awards and share-based awards outstanding for outside directors who are not also NEOs as at the most recent financial year end, including awards granted before the most recently completed financial year.

NAME	OPTION-BASED AWARDS				SHARE-BASED AWARDS		
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (\$)	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED (#)	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED (\$) <sup>(1)</sup>	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED (\$) <sup>(1)</sup>
Terry D. Freeman	-	-	-	-	7,067	9,823	66,099
Carmen Loberg	-	-	-	-	7,067	9,823	36,992
Chris Seaver	-	-	-	-	7,067	9,823	33,371
Dale E. Tremblay	-	-	-	-	8,588	11,937	5,090

- (1) The market value of the DSUs was calculated using the market value of the Common Shares as at December 31, 2017 (\$1.39).

The following table sets forth the value of option-based awards and share-based awards that vested or were earned during the most recently completed financial year for outside directors of the Corporation.

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR (\$)	SHARE-BASED AWARDS - VALUE VESTED DURING THE YEAR (\$) <sup>(1)</sup>	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR (\$)
Frank Burdzy	-	4,410	n/a
Terry D. Freeman	-	4,410	n/a
John Irwin	-	4,410	n/a
Carmen Loberg	-	4,410	n/a
Chris Seaver	-	4,410	n/a
Dale E. Tremblay	-	3,510	n/a

- (1) The figures in this column are based on multiplying the number of DSUs by the market value of underlying shares on the vesting date.

The significant terms of the Option Plan and the DSU plan are disclosed in this Management Information Circular under “*Securities Authorized for Issuance under Equity Compensation Plans*” and “*Directors' Deferred Share Unit Plan*”, respectively.

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Philosophy and Objectives

The Board of Directors' philosophy on total rewards is to ensure that the Corporation's executives are rewarded for achievement of the Corporation's strategic plan and financial results. In addition, executive compensation at the Corporation is established based on individual contribution and performance, relevant external labour markets and the following principles:

- Aligning executive goals to the interests of the organization and shareholders;
- Motivating and rewarding executives to exceed business objectives, performance and growth; and
- Providing for the attraction and retention of superior executive talent.

## Compensation Elements and Positioning

Executive total compensation is defined as base pay, annual bonus program or short-term incentive plan (“STIP”), and equity incentive or long-term incentive plan (“LTIP”). The combination of these elements, specifically the STIP and LTIP, provide the executive with significant reward for the successful execution of the Corporation’s strategic plan.

## Benchmarking Practices

The Corporation uses publicly available salary information to form the base comparison and review of executive compensation.

## Base Salary

Base salaries for identified executive positions are targeted at the median or average base of the established comparator group. The Corporation conducts periodic surveys and reviews of organizations, of the target market, to identify the appropriate base salary for identified positions. Actual base salary for the executives is tied to the position’s scope in the organization, overall competency and performance and retention risk and is reviewed annually.

While the Board wants to ensure the Corporation’s executives receive fair base pay compensation, greater emphasis is placed on variable rewards, both STIP and LTIP, to motivate short and long-term results.

## Non-Equity Incentives

Annual bonus payouts have assigned maximums based on a percentage of salary specific to the executive’s position with the Corporation. The Committee adopted the following STIP for 2017:

POSITION	MAXIMUM BONUS AS A PERCENTAGE OF SALARY
President & Chief Executive Officer	125%
Senior Vice President, Sales & Technology	125%
Senior Vice President & Chief Financial Officer	100%
Senior Vice President, Corporate Services, People & Culture	100%

The annual bonus will be measured by a combination of financial measures and individual objectives.

The financial measure component of STIP includes:

- Net earnings as a percentage of revenue;
- Adjusted EBITDA (net earnings (loss) , before depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other losses (gains), net; restructuring charges; share-based compensation; and impairment losses) as a percentage of revenue; and
- Return on invested capital.

The amount of the STIP award for each financial measure is then determined based on actual financial performance by the Corporation, up to a maximum award for any individual financial measure.

The Corporation’s Board of Directors and executives suspended any STIP payments for the years ended December 31, 2016 and 2017 in response to the prolonged down-cycle and continued suppression of oil and natural gas prices and drilling activity.

## Equity Incentives

Equity incentives, namely the LTIP, are established as a component of total compensation and are designed to align the executives with the longer term interests of the Corporation and the shareholders. The LTIP provides the executive with the opportunity for additional compensation based on achieving the long-term strategy and growth of the Corporation. Stock options are currently the only element of the LTIP of the executive compensation program.

The Corporation emphasizes stock options in executive compensation as they allow executive officers to share in positive corporate results in a manner which is relatively cost-effective despite the financial impact on the Corporation of treating stock options as a compensation expense. The President & Chief Executive Officer recommends to the Board stock options proposed to be granted to other employees and consultants. As part of its review of executive compensation the HRC&G Committee recommends to the Board stock options proposed to be granted to executives. In this review, previous grants of stock options are considered when recommending new grants.

The HRC&G Committee, with approval of the Board, established a LTIP in 2011. The Board has the authority to amend or discontinue the LTIP. On March 11, 2015, the Board adopted a policy such that, beginning in fiscal 2015, there will no longer be automatic annual grants of stock options to executives. Rather, stock options will be granted to the executives of the Corporation at the discretion of the Board.

On January 6, 2017, the following stock options were granted under the LTIP pursuant to the terms of the Option Plan, as amended:

EXECUTIVE	GRANT
Jim Rakievich	75,000
Jacob Coonan	75,000
Kenneth Watt	75,000
Suzanne Langier	75,000

## SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation paid to individuals who were acting as, or were acting in a capacity similar to, a Chief Executive Officer or Chief Financial Officer and the three most highly compensated executive officers whose total compensation exceeded \$150,000 per annum (the “Named Executive Officers”) during the financial year ended December 31, 2017, including their respective total compensation acting as an executive officer during the financial years ended December 31, 2016 and December 31, 2015.

NAME AND PRINCIPAL POSITION <sup>(7)</sup>	YEAR	SALARY (\$)	OPTION-BASED AWARDS (\$) <sup>(1)</sup>	NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)		ALL OTHER COMPENSATION (\$) <sup>(2)</sup>	TOTAL COMPENSATION (\$)
				Short-term incentive plan	Long-term incentive plans		
JIM RAKIEVICH President & Chief Executive Officer	2017	390,769	76,945	-	-	107,551	575,265
	2016	387,692	78,409	-	-	118,213	584,314
	2015	400,000	256,771	80,000	-	115,557	852,328
JACOB COONAN <sup>(3)</sup> Senior Vice President & Chief Financial Officer	2017	239,346	76,945	-	-	48,630	364,921
	2016	193,846	52,273	-	-	55,316	301,435
	2015	200,000	192,578	75,000	-	46,957	489,535
KENNETH WATT <sup>(5)(6)</sup> Senior Vice President Sales & Technology	2017	348,390	76,945	-	-	82,853	508,188
	2016	353,270	52,273	-	-	72,698	478,241
	2015	351,615	192,578	57,098	-	91,132	692,423
SUZANNE LANGIER <sup>(4)</sup> Senior Vice President Corporate Services, People & Culture	2017	195,384	76,945	-	-	42,170	314,500
	2016	174,461	52,273	-	-	33,865	260,599
	2015	98,192	61,455	24,375	-	22,990	207,012

- (1) “Option-Based Award” means an award under an equity incentive plan of options, including, for greater certainty, stock options, share appreciation rights and similar instruments that have option-like features. The “grant date fair value” has been determined by using the Black-Scholes option pricing model. Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “grant date fair value” based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the Common Share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.
- (2) “All Other Compensation” is defined as allowances and the employer contributions of the Corporation’s RSP, 401K, ESPP and benefits. For more details please see “Other Forms of Compensation” in this Management Information Circular.
- (3) Mr. Coonan was appointed as Senior Vice President & Chief Financial Officer on January 1, 2017.
- (4) Mrs. Langier was appointed Senior Vice President, Corporate Services, People & Culture on January 1, 2017.
- (5) Mr. Watt was appointed as Senior Vice President, Sales & Technology on January 1, 2017. For the period of November 1, 2014 to December 31, 2017, Mr. Watt’s salary was converted from USD to CAD using the average exchange rate for the applicable year. Annual incentive plan calculations for Mr. Watt were converted from USD to CAD using the exchange rate as at December 31 for the applicable year.
- (6) On December 19, 2017 Mr. Watt tendered his resignation, effective March 1, 2018.
- (7) In the second quarter of 2016 a reduction of 4.62% to base compensation was implemented in response to the prolonged down-cycle and continued suppression of oil and natural gas prices and drilling activity. This continued in effect until the third quarter of 2017. On January 1, 2018 the 4.62% reduction was re-implemented.

## Outstanding Option-Based Awards

The following table sets forth details of all option-based awards outstanding for NEOs as at the most recent financial year end:

NAME	OPTION-BASED AWARDS			
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (\$) <sup>(1)(2)</sup>
JIM RAKIEVICH President & Chief Executive Officer	100,000	6.70	December 2, 2018	-
	100,000	5.59	September 29, 2019	-
	200,000	3.74	March 17, 2025	-
	150,000	1.88	March 18, 2026	-
	75,000	2.05	January 6, 2027	-
JACOB COONAN Senior Vice President & Chief Financial Officer	80,000	6.70	December 2, 2018	-
	50,000	5.59	September 29, 2019	-
	150,000	3.74	March 17, 2025	-
	100,000	1.88	March 18, 2026	-
	75,000	2.05	January 6, 2027	-
KENNETH WATT <sup>(3)</sup> Senior Vice President Sales & Technology	75,000	6.70	December 2, 2018	-
	95,000	5.59	September 29, 2019	-
	150,000	3.74	March 17, 2025	-
	100,000	1.88	March 18, 2026	-
	75,000	2.05	January 6, 2027	-
SUZANNE LANGIER Senior Vice President Corporate Services, People & Culture	75,000	2.89	September 16, 2025	-
	100,000	1.88	March 18, 2026	-
	75,000	2.05	January 6, 2027	-

### Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2017, being \$1.39 per Common Share, and the exercise price of the options.
- (3) On December 19, 2017 Mr. Watt tendered his resignation, effective March 1, 2018. All unvested options expired on March 31, 2018. Mr. Watt has 90 days from March 31, 2018 to exercise any vested options.

## Incentive Plan Awards (value vested or earned during the year)

The following table sets forth the value of option-based awards that vested or were earned during the most recently completed financial year for NEOs.

NAME	IN-THE-MONEY OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR (\$) <sup>(1)</sup>	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR (\$)
JIM RAKIEVICH, President & Chief Executive Officer	-	-
JACOB COONAN, Senior Vice President & Chief Financial Officer	-	-
KENNETH WATT, Senior Vice President, Sales & Technology	-	-
SUZANNE LANGIER, Senior Vice President Corporate Services, People & Culture	-	-

- (1) The figures in this column are based on the difference between the market price of the options at the vesting dates and the exercise price. Figure excludes options where no value was created on vesting date.

The significant terms of the Option Plan are disclosed in this Management Information Circular under “*Securities Authorized for Issuance under Equity Compensation Plans.*”

## **Other Forms of Compensation**

### *Benefits and Allowances*

The Corporation's executive officers may choose to participate in the Corporation's employee benefit program which includes extended health care, dental, life and disability insurance. A portion of the costs of the premiums are paid by the employee and a portion of the premium costs are paid by the Corporation. In addition, the executive officers receive a spending account, to a maximum of \$5,000 in accordance with applicable laws and regulations.

The Corporation provides the executive officers a vehicle allowance to assist with travel expenses incurred during the normal course of business operations. These benefits and allowances are designed to be competitive with equivalent positions comparable in the targeted industry.

### *Retirement Benefits*

The Corporation's executive officers are eligible to participate in the Corporation's retirement savings plan. Under the plan the Corporation matches 100% of the participant's contributions to a maximum of 3.0% of base salary for Canadian participants and 4% of compensation for US participants. These programs are available to all regular full-time employees at the same contribution levels.

A retirement savings program has been designed for Jim Rakievich providing for a company contribution of 12.5% of base salary with Mr. Rakievich contributing 2.5%. For contributions in excess of the maximum retirement savings plan amounts, as defined by the applicable laws and regulations, the Corporation funds a retirement compensation arrangement (RCA).

The other executive officers' may contribute up to an additional 2% of base salary, above the Corporation's employee plans, to a maximum of 5.0% of base salary and the Corporation matches this amount to a company maximum of 5.0%, or the annual maximum in accordance with applicable laws and regulations. For 2016 and 2017, the Corporation suspended its matching contribution, with the exception of Mr. Rakievich's RCA.

The Corporation does not have a registered pension plan, or a deferred compensation plan for its executive officers.

### *Employee Share Purchase Plan*

Under the Corporation's Employee Share Purchase Plan ("ESPP"), the Corporation matches a portion of the participant's contributions to a maximum of 2.0% of base salary. The Corporation's matching obligation is dependent on the employee's contribution years in the plan: less than one year a 33% match; between one and three years a 67% match; between four and seven years a 100% match; and greater than eight years a 133% match. This program is available to all regular full-time employees and may, if available, be directed to: a non-registered account; a registered retirement savings plan account; or a registered tax free savings account. The amounts are considered vested immediately, however the employee is restricted from accessing the Corporation's matching amount for 12 months following the purchase. In addition, the plan 'penalizes' transfers or withdrawals prior to 5 years' service in the plan and every five years thereafter. Any transfer or withdraw of Common Shares from the plan will result in the matching level being reset to the 33%.

Notwithstanding the above, the Board requires the Corporation's executive officers to contribute 5.0% to the ESPP. The Corporation matches this amount according to the contribution years in the plan. Matching contributions are not made by issuing shares from treasury. In 2016 the Corporation suspended its matching contribution, which was re-instated in 2017.

## **Termination and Change of Control Agreements**

The employment agreement for all NEOs provides for severance in the event of termination without cause or permanent disability. The severance amount is the greater of a one-time lump sum amount equal to twelve (12) months' notice plus one additional month of notice for each complete year of service after 12 complete years of service, to a maximum of eighteen (18) months' notice, or pay in lieu of that notice, calculated as follows: (i) the applicable number of month's annual base salary; (ii) an amount equal to twenty (20%) percent of the base salary to compensate for loss of benefits and perquisites; (iii) an amount equal to the average of the three (3) years' STIP payments or an amount equal to 50% of the annual base salary, whichever is greater; and (iv) an amount equal to the STIP payment earned (if any) for the fiscal year in which the termination date occurs, pro-rated as of the termination date and paid after the end of the relevant fiscal year per policy. The employment agreement also contains a change in control clause, defined as one of the following events occurring: (i) a transaction or series of transactions resulting in the sale, transfer, conveyance, lease or exchange by the Corporation of all or substantially of its assets; (ii) the acceptance by the Corporation's shareholders of any offer, whether by way of a takeover bid or otherwise, representing in the aggregate fifty percent (50%) or more of all of the issued and outstanding Shares; (iii) a transaction or series of transactions resulting in the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares, which together with such person's then-owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Shares; (iv) the entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement

or be absorbed by, into or with another corporation which is not an affiliate (as defined under applicable securities laws) of the Corporation; (v) the circumstances in which individuals who were members of the Board of Directors immediately prior to a meeting of the shareholders involving a contest for the election of directors no longer constitute a majority of the Board of Directors following such election; or (vi) such other transaction or series of transactions which the Board of Directors, acting reasonably, by resolution deems to be a Change of Control Event. For a period of twelve months following a change of control event, if the Corporation terminates any NEO employment without cause or a NEO terminates their employment for good reason, the NEO is entitled to the severance pay as above.

TYPE OF TERMINATION OR CHANGE OF CONTROL	BASE SALARY	SHORT-TERM INCENTIVE PLAN	BENEFITS
RESIGNATION	None	None	None
TERMINATION BY EMPLOYER (INVOLUNTARY, NOT FOR CAUSE)	Base salary is paid out as a one-time lump sum amount equal to twelve (12) months' notice plus one additional month of notice for each complete year of service after twelve (12) complete years of service, to a maximum of eighteen (18) months' notice	Payment equal to the average of the three (3) years' STIP payments or an amount equal to 50% of the annual base salary, whichever is greater; and  An amount equal to the STIP payment earned (if any) for the fiscal year in which the termination date occurs, pro-rated as of the termination date and paid after the end of the relevant fiscal year	Payment equal to twenty (20%) percent of the base salary to compensate for loss of benefits and perquisites
TERMINATION FOR CAUSE	None	None	None
CHANGE IN CONTROL	Consistent terms to that of involuntary termination if termination for "Good Reason" occurs within twelve (12) months from the date of change in control	Consistent terms to that of involuntary termination if termination for "Good Reason" occurs within twelve (12) months from the date of change in control	Consistent terms to that of involuntary termination if termination for "Good Reason" occurs within twelve (12) months from the date of change in control

### Termination and Change of Control Benefits

The following table summarizes the benefits for all NEOs:

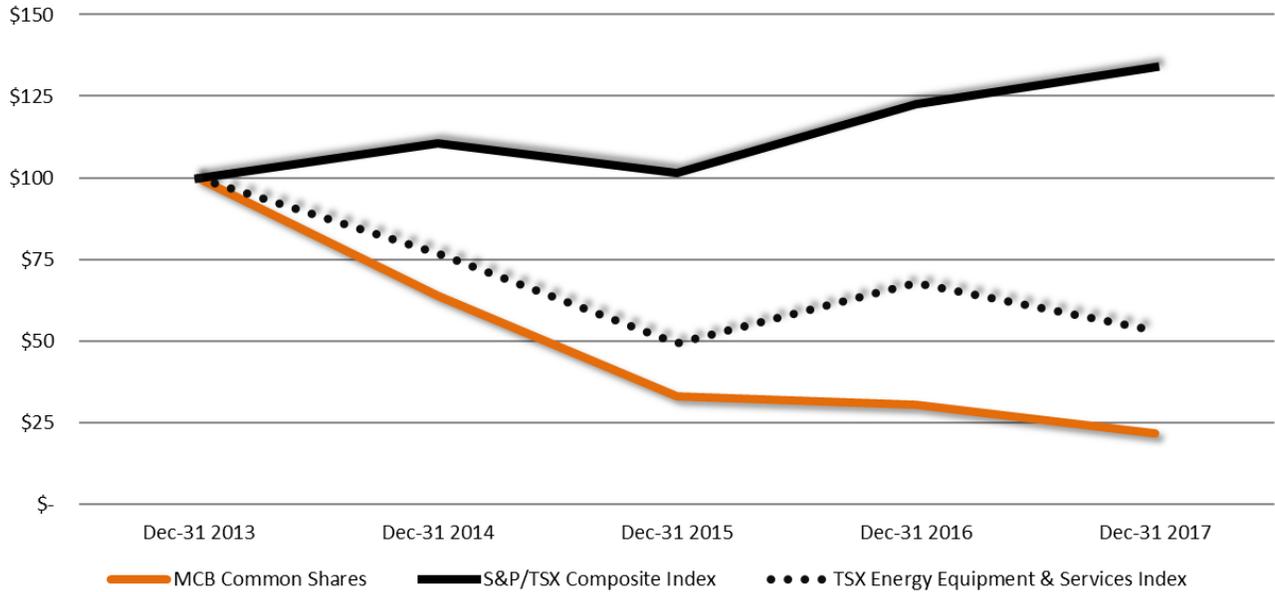
The following table illustrates the total severance payable for each NEO if termination occurred on December 31, 2017:

NAME	BASE SALARY LUMP SUM PAYMENT (\$)	SHORT-TERM INCENTIVE PLAN PAYMENT (\$)	LOSS OF BENEFITS PAYMENT (\$)	TOTAL SEVERANCE PAYMENT (\$)
JIM RAKIEVICH President & Chief Executive Officer	600,000	200,000	80,000	880,000
JACOB COONAN Senior Vice President & Chief Financial Officer	245,000	122,500	49,000	416,550
KENNETH WATT <sup>(1)(2)</sup> Senior Vice President, Sales & Technology	356,620	178,310	71,324	606,254
SUZANNE LANGIER Senior Vice President, Corporate Services, People & Culture	200,000	100,000	40,000	340,000

- (1) Total severance payable for Mr. Kenneth Watt was converted from USD to CAD using the exchange rate as at December 31, 2017.
- (2) On December 19, 2017 Mr. Watt tendered his resignation, effective March 1, 2018.

## PERFORMANCE GRAPH

The following graph compares cumulative shareholder return commencing on December 31, 2013 and ending on December 31, 2017 (assuming a \$100 investment was made on December 31, 2013) with the cumulative total return of S&P/TSX Composite Index and TSX Energy Equipment and Services Index. This assumes all dividends paid by the Corporation were re-invested in the Corporation's Common Shares.



## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the executive officers or directors of the Corporation and its subsidiaries, past and present, are, or have been since the beginning of the last completed financial year, indebted to the Corporation, nor has the Corporation or its subsidiaries guaranteed or otherwise supported any indebtedness of such persons as at the Effective Date.

## MANAGEMENT CONTRACT

The Corporation has no management contracts or other arrangements in place where management functions are performed by a person other than the directors or officers of McCoy Global.

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

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Corporation is not aware of any material interest, direct or indirect, of any informed person or persons of the Corporation, or any associate or affiliate of any informed person of the Corporation, in any past or proposed transaction which in either case has materially affected or will materially affect the Corporation since January 1, 2014.

On September 16, 2014, McCoy Global sold 100 percent of the issued and outstanding shares of its wholly-owned subsidiary, Inotec Coating and Hydraulics Inc., for proceeds of \$9.3 million, subject to a net working capital adjustment as defined by the share purchase agreement. There was the potential for material conflicts of interest with Mr. Terry D. Freeman, who is a director of the Corporation, and was the Chairman and Chief Executive Officer of (currently Chair), and holds an equity interest in, the purchaser of Inotec Coating and

Hydraulics Inc. In addition, the Corporation entered into agreements indemnifying the purchaser for remediation of certain environmental and dilapidation costs incurred as a result of carrying out business activities prior to September 16, 2014 with respect to certain leased premises. The dilapidation indemnification was satisfied in 2016 and as at December 31, 2017 only the environmental indemnification remains.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices relates to the activities of the Board, the members of which are elected and are accountable to the Corporation’s shareholders, and take 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 and senior management considers good corporate governance to be central in the effective and efficient operation of the Corporation.

Pursuant to the provisions of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) issuers are required to disclose their corporate governance practices annually and provide guidance on corporate governance practices respectively. The Board has reviewed its practices relative to the new guidelines and offers the following summary.

### 1. BOARD OF DIRECTORS

Pursuant to NI 58-101, a director is independent if the director would be considered independent within the meaning contained in section 1.4 of National Instrument 52-110 (“NI 52-110”) which states that a director is independent if he or she has no direct or indirect relationship with the Corporation which could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board is currently comprised of five (5) directors, four (4) of whom the Board has determined are independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to the factors described in NI 52-110. Eighty percent (80%) of the directors are independent.

DIRECTOR	INDEPENDENCE STATUS	BASIS FOR DETERMINATION OF NON-INDEPENDENCE
Terry D. Freeman	Independent	Not applicable – no material relationship
Carmen Loberg	Independent	Not applicable – no material relationship
Jim Rakievich, President & CEO	Not independent	Is considered to have a material relationship with the Corporation by virtue of his current executive officer position with the Corporation
Chris Seaver, Chair	Independent	Not applicable – no material relationship
Dale E. Tremblay	Independent	Not applicable – no material relationship

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management. Each Board meeting concludes with an *in camera* session which excludes management and management directors. These sessions are of no fixed duration and participating directors are encouraged to raise and discuss any issues of concern. The independent directors may choose to meet privately at any time, either following an *in camera* session or at another time of their choosing.

Currently, the Board is satisfied that it exercises its responsibilities for independent oversight of management. The ability to establish ad hoc committees comprised solely of independent directors provides the Board with the ability to meet independently of management whenever deemed necessary or appropriate and the chair of each such ad hoc committee provides leadership for such committee.

Directors and officers of the Corporation are required to declare any material conflict or potential conflict of interest, either in writing to the Corporation or to the Board or by request to have the nature and extent of his or her interest entered in the minutes of the Board meeting. A director having declared such an interest shall abstain from voting on any resolution approving the arrangement. The disclosure requirements for directors and officers are in accordance with the *Business Corporations Act* (Alberta). Similarly, any related-party transactions must be approved by the non-related directors and appropriately disclosed to the public.

The following table sets out details of directorships currently held by each director of the Corporation in reporting issuers other than the Corporation:

NAME OF DIRECTOR	NAME OF PUBLIC CORPORATION(S)	MARKET (IF APPLICABLE)
Terry D. Freeman	Vertex Resource Group	TSX:V
Carmen Loberg	Stuart Olson Inc.	TSX
Jim Rakievich	Nil	n/a
Chris Seaver	Exterran Corporation Oil States International Inc.	NYSE NYSE
Dale E. Tremblay	Cathedral Energy Services Ltd. Horizon North Logistics Inc.	TSX TSX

The following is the record of attendance at Board meetings during the Corporation's financial year ended December 31, 2017:

NAME OF DIRECTOR	BOARD MEETINGS HELD WHILE A DIRECTOR	BOARD MEETINGS ATTENDED
Terry D. Freeman	7	7
Carmen Loberg	7	7
Jim Rakievich	7	7
Chris Seaver	7	7
Dale E. Tremblay	7	7
Frank Burdzy	6	6
John Irwin	6	6

## 2. BOARD MANDATE

The primary responsibility of the Board is to foster the long term success of the Corporation.

While the Board is responsible for the "management of the business and affairs of the Corporation", this is done by proxy through the President and Chief Executive Officer, who is charged with the day to day management of the Corporation.

In performing its function, the Board also considers the legitimate interest which shareholders and other stakeholders have in the Corporation by supervising the conduct of its business. The Board, through the President and Chief Executive Officer, will set standards of conduct for the Corporation and ensure the safety of its operations.

The Board has delineated the roles and responsibilities of the Board and the President and Chief Executive Officer. The President and Chief Executive Officer's employment agreement further defines his specific role and responsibilities. While the Board is responsible for the management of the business and affairs of the Corporation, this is accomplished in part by delegation to the President and Chief Executive Officer who is charged with the day-to-day management of the Corporation. The President and Chief Executive Officer reports directly to the Board and has responsibility for the leadership and management of the Corporation within the parameters adopted by the Board.

The following table provides a description of how the Board has delineated various roles and responsibilities between it and the Corporation's President and Chief Executive Officer. The Board Mandate was reviewed by the Governance Committee in place in 2011 and revisions were recommended to the Board and approved.

## ROLES & RESPONSIBILITIES OF THE BOARD AND PRESIDENT & CEO

RESPONSIBILITY	BOARD	PRESIDENT AND CHIEF EXECUTIVE OFFICER
Written medium and long range strategic plan	Participate and Approve	Develop and Execute
Overall integration of business units	Review	Define and Execute
Ensure the timely preparation and review of: <ul style="list-style-type: none"> <li>▪ Annual operating budgets and plans</li> <li>▪ Annual capital budgets and plans</li> <li>▪ Annual financial statements</li> <li>▪ Quarterly financial statements</li> <li>▪ Management, take-over and directors circulars</li> </ul>	Approve Approve Approve Approve Approve	Develop Develop Prepare Prepare Prepare
Operate within all applicable laws and regulations and file all required Public Company documents	Review	Define and Execute
Appoint auditors	Recommend	Review
Adequate internal controls and management information systems	Review and Approve	Develop and Implement
Compliance with Business Code of Conduct	Review	Monitor
Issuance and acquisition of corporation securities	Approve	Develop
Adopt, amend or repeal articles	Approve	Develop
Communication plan: <ul style="list-style-type: none"> <li>▪ Investor Relations</li> <li>▪ Significant or material developments</li> <li>▪ Governance Practices</li> </ul>	Approve Approve Approve Prepare and Develop	Develop Develop Develop
Ensure principal risks are identified and effectively managed	Review and Approve	Define
Ensure a strong, capable management team is in place: <ul style="list-style-type: none"> <li>▪ President and Chief Executive Officer, role and responsibilities and compensation</li> <li>▪ Senior management, role and responsibilities and compensation</li> <li>▪ Succession and training plan</li> </ul>	Define and Engage  Approve Approve	  Define and Engage Define and Engage
Safety of employees	Review	Define and Execute
Business acquisitions	Approve	Develop and Execute
Business dispositions	Approve	Develop and Execute
Exercise statutory duties and obligations under the law: <ul style="list-style-type: none"> <li>▪ Employment</li> <li>▪ Environmental</li> <li>▪ Statutory Remittances</li> </ul>	Approve Approve Approve	Define Define Define
Board of Directors: <ul style="list-style-type: none"> <li>▪ Size</li> <li>▪ Compensation</li> <li>▪ Board vacancy</li> <li>▪ Chairs, committees and mandates</li> <li>▪ Education and orientation</li> <li>▪ Corporate Governance</li> <li>▪ Expectations and Responsibilities of Board members</li> </ul>	Define Define Appoint Define and Appoint Define and Implement Define and Adopt Define and Adopt	

### ***Strategic Planning and Principal Risks***

The Board reviews and approves an annual plan (operating and capital budgets) of the Corporation prepared by management. The annual plan sets out the material corporate and financial objectives, plans and actions of the Corporation and sets out and takes into account the opportunities and risks of the Corporation's businesses. The Board is kept current on the Corporation's progress towards achieving these objectives through detailed monthly financial statements and the President's Report to the Board which is delivered in advance of each scheduled Board meeting. It is the responsibility of the President and CEO of the Corporation to initiate the strategic planning process and it is the responsibility of the Board to support the strategic planning activities of the President and CEO. The Board reviews and approves any major policy initiatives and strategic decisions. The Board has also implemented a strategic planning process which includes a formal Board session.

### ***Policy Review, Financial Reporting and Disclosure***

The Board oversees the integrity and effectiveness of the Corporation's Disclosure and Confidentiality, Disclosure Controls and Procedures, Insider Trading Policies and the Corporation's Business Code of Conduct and, in conjunction with the Disclosure Committee, undertakes a review of such policies annually and revises them as appropriate with input from management. The Board also monitors and oversees all aspects of the Corporation's financial reporting and disclosure. Finally, the Board requires all news releases and reports to shareholders containing financial information regarding the Corporation to be reviewed by the Audit Committee prior to their public release.

### ***Internal Controls and Management Information Systems***

The Audit Committee is responsible for overseeing the adequacy and effectiveness of the Corporation's internal controls and management information systems. Any deficiencies or concerns are reported to the full Board.

### ***Management Evaluation and Succession Planning***

The HRC&G reviews and assesses the performance of the President and Chief Executive Officer and, with the President and Chief Executive Officer, the performance of executive officers who report to the President and Chief Executive Officer and establishes and recommends for approval to the Board the compensation packages of the President and Chief Executive Officer and other executive officers of the Corporation. The HRC&G Committee is charged with committee oversight of the succession plan for the President and Chief Executive Officer and other executive officers and periodically report to the Board on such succession plan.

### ***Expectations and Responsibilities of Board Members***

Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of shareholders. They must be in good standing with respect to financial matters and all applicable laws, regulations and statutes. Directors must have mature judgment and demonstrated ability to provide leadership and relevant expertise, industry knowledge, or marketing acumen. Directors should possess knowledge of securities regulations, disclosure requirements and other corporate governance principles as appropriate for a TSX listed public company. Directors must be able to devote sufficient time to effectively fulfill their responsibilities and duties and must be willing to limit their other activities to ensure this ability. Consistent with the importance of Board responsibilities, each director is expected to be familiar with the Corporation's business and public disclosures, to review in advance of Board meetings all related materials distributed to the Board and to attend and participate in meetings of the Board and meetings of any committee of which such director is a member.

### ***Board Approval***

The Board reviews and approves various corporate documents and transactions including the annual plan (budget); the annual financial statements and associated public disclosure materials; all capital expenditures; all mergers, business acquisitions and dispositions; all material borrowing and banking arrangements; equity financings of the Corporation; the purchase and redemption of securities; any changes to the by-laws or articles of the Corporation; the recruitment, and if necessary, the termination of the President and Chief Executive Officer; all major strategic and policy decisions; and any other matter specified by the Board as requiring its approval.

### ***Shareholder Communication with the Board***

Shareholders may communicate directly with non-management directors through the Senior Vice President & Chief Financial Officer, by writing to:

Mr. Jacob Coonan  
Senior Vice President & Chief Financial Officer  
McCoy Global, Inc.  
#301, 9618 – 42 Avenue  
Edmonton AB T6E 5Y4  
[jcoonan@mccoyglobal.com](mailto:jcoonan@mccoyglobal.com)

### 3. POSITION DESCRIPTIONS

The Board has adopted the following position descriptions for the Chair of the Board and the Chair of each Committee of the Board. The position description for the President & CEO is provided in the table above titled “Roles & Responsibilities of the Board and President & CEO.”

#### **Chair of the Board of Directors**

In addition to the Chair’s responsibilities as a director of the Corporation, as provided by the *Business Corporations Act* (Alberta) (the “Act”), and the Corporation’s By-Laws, the Chair shall also have specific duties and responsibilities as set out below. In addition, the Chair shall have other such powers and duties as the Board may specify.

#### *Provisions of the Corporation’s By-laws:*

“The Chair of the Board of Directors (the “Board”) shall be a director and shall have such other duties and powers as the directors may specify and delegate. During the absence or disability of the Chair of the board, his duties shall be performed and his powers exercised by the Vice-Chair of the Board or by the President or by any other director designated by the directors.

The Chair of any meeting of the directors shall be the first mentioned of such of the following persons as has been appointed and who is a director and is present at the meeting: Chair of the Board, Vice-Chair of the Board, or President. If no such person is present, or if such persons decline to act, the directors present shall choose one of their numbers to be Chair.”

#### Responsibilities

The Chair must act in the best interests of the Corporation and the shareholders within applicable legislation and best practices in corporate governance.

The Chair must set the appropriate atmosphere for the Board and its members, and will require a combination of relationship and consensus building skills to do so. The Chair must encourage directors to participate in healthy debate and take independent viewpoints when appropriate. The Chair must also provide the guidance and leadership to support a group perspective. Such an atmosphere is intended to promote ethical and responsible decision making, proper oversight of management and best practices in corporate governance.

#### Specific Undertakings

The Chair is specifically responsible to ensure that the following actions occur:

- (i) times and places of meetings of the Board and shareholders are determined and disseminated to appropriate parties;
- (ii) the Board meets a minimum of four times a year plus as many additional times as required to carry out its duties;
- (iii) the shareholders meet at least once annually and any other additional times as may be required by law or circumstances;
- (iv) all business required to be brought before a meeting of shareholders is brought before a meeting of shareholders;
- (v) all business required to be brought before the Board is brought before the Board in a manner that facilitates the Board in the performance of its duties to manage, or supervise the management of, the business and affairs of the Corporation;
- (vi) all business on the agenda of any Board or shareholder meeting is discussed, the discussion is closed, and the matter is brought to resolution as required;
- (vii) all meetings of the Board and shareholders are presided over by the Chair or allowable alternate;
- (viii) the Board meets, or has the opportunity to meet, at regular intervals without management present;
- (ix) the Board and its members and Board Committees are given leadership to assist with effectively carrying out their duties and responsibilities;
- (x) the President and Chief Executive Officer receives counsel and support from the Chair, the Board and its members; and
- (xi) alternative views of the Board members are given due consideration.

## **Chair of the Audit Committee**

The primary functions of the Audit Committee are to fulfill the Board's oversight responsibilities as they relate to the Corporation's accounting policies, internal controls, disclosure controls, financial reporting practices, and legal and regulatory compliance.

### Responsibilities

The Audit Committee Chair is appointed annually or more frequently if required, by the Board. The Chair is charged with oversight of the Committee. Oversight responsibilities include convening and presiding over Committee meetings and taking the lead role as a member of the Board in dealings with the external auditor.

### Specific Undertakings

The Chair is specifically responsible to ensure that the following actions occur:

- (i) meetings are scheduled in sufficient number and at appropriate times of the year to facilitate proper continuous disclosure of the Corporation's financial performance and related documents;
- (ii) Committee members are kept current with any changes in the CICA Handbook that pertain to the Corporation;
- (iii) all disclosure documents that are required to be reviewed and approved by the Committee are reviewed, amended as required and approved;
- (iv) all members of the Committee are independent and financially literate within the guidelines of National Instrument 52-110 (*Audit Committees*);
- (v) new members to the Committee are recommended based on relevant education and experience;
- (vi) the Committee's findings, conclusions and recommendations are reported to the Board;
- (vii) an annual self-evaluation of the Committee is undertaken and the results reported to the Board;
- (viii) the Committee's terms of reference are reviewed at least annually and any proposed changes are recommended to the Board for approval;
- (ix) management is able to communicate with the Committee through the Chair during the intervals between scheduled meetings; and
- (x) the Chief Financial Officer receives counsel and support from the Chair, and the Committee's members.

## **Chair of the HRC&G Committee**

The primary function of the HRC&G Committee is to assist the Board of Directors with all corporate governance related matters and in fulfilling its oversight responsibilities in relation to the Corporation's overall compensation and human resource philosophy.

The HRC&G Committee is responsible for reviewing, reporting and making recommendations to the Board on matters of human resources, corporate governance, Board composition, Board succession, and the formation and membership of committees. The Committee has the responsibility to address governance issues; and also holds the responsibility of identifying, recruiting, nominating, endorsing, recommending appointment of, and orienting new directors. The Committee is also responsible for the content and application of the Corporation's Code of Conduct and the disclosure of the Corporation's corporate governance practices in response to legal and regulatory requirements. Other responsibilities of the Committee include ensuring that the mission and strategic direction of the Corporation is reviewed annually and that the Board and its committees carry out their functions in accordance with due process. The Committee is also responsible for assessing the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director. This also includes the assessment of the performance and compensation of the Chief Executive Officer and other officers. The Committee shall consist of at least three unrelated directors.

### Responsibilities

The Chair of the HRC&G Committee bears primary responsibility for leading the Committee and is charged with oversight of the Committee. Oversight responsibilities include convening and presiding over Committee meetings. The Chair is appointed annually by the Board from the Committee's members and is responsible to schedule meetings of the Committee and establish the agenda and any related documents for the meetings. The Chair must provide leadership in developing and amending the

Corporation's compensation philosophy and encourage orderly discussion among the Committee members. The Chair is responsible for reporting significant developments to the Corporation's Board.

#### Specific Undertakings

The Chair is specifically responsible to ensure the following actions occur:

- (i) the Committee is convened at least three times per year and an agenda is distributed in advance of the meeting;
- (ii) the annual *Report on Executive Compensation* is reviewed and, if required, amended, prior to inclusion in proxy materials;
- (iii) provides regular reports to the Board regarding the Committee's activities and decisions;
- (iv) the Committee's terms of reference are reviewed at least annually and any proposed changes are recommended to the Board for approval;
- (v) ensures periodic self-evaluations of the Committee's functions are performed and communicated to the Board;
- (vi) revises and provides recommendations to the Board on the Corporation's compensation philosophy, policies and guidelines, including controversial executive compensation practices;
- (vii) advises and gives counsel to other Board members of the Corporation on matters of compensation, reviews major activities and plans to ensure conformity with the Board's view on corporation compensation philosophy and policy;
- (viii) presents any proposed changes in major policies of the Corporation for Board action;
- (ix) retains and works with outside consultants and other advisors when necessary;
- (x) promotes legal and regulatory compliance in the Committee's activities;
- (xi) succession plans for the officers and for key employees of the Corporation are in place;
- (xii) manages meetings so that there is adequate time for review and discussion of all matters;
- (xiii) ensures that all members of the Board have been informed of and are aware of their duties and responsibilities as a director of the Corporation;
- (xiv) management is able to communicate with the Committee through the Chair during the intervals between scheduled meetings;
- (xv) assure assessments of the Board's performance are conducted at least annually;
- (xvi) assure written statements affirming compliance with the Corporation's *Business Code of Conduct* are received from each employee annually;
- (xvii) any matters brought to the Chair by any employee, member of management or director is brought to the full Committee for review and reported to the Board;
- (xviii) Committee members are current with regulatory requirements and best practices pertaining to corporate governance;
- (xix) assure the development of clear position descriptions for the Chairman of the Board, Committee Chair and CEO roles;
- (xx) develop written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation; and
- (xxi) develop and follow a process for identifying, recruiting and evaluating the potential of new directors.

#### **4. ORIENTATION AND CONTINUING EDUCATION**

The HRC&G Committee provides significant written orientation and educational material for new directors. The Corporation has prepared a "Directors' Manual" for new directors that includes comprehensive background information on the Corporation and its various divisions

and subsidiaries and contains key corporate policies. In addition, an existing Board member is assigned to conduct facility tours and to further orient and inform any new Board member on an ad hoc basis.

Each director is responsible for attaining and maintaining the skill and knowledge necessary to ensure his substantial participation and contribution to the Board and its committees. The Corporation encourages directors to participate in courses and seminars dealing with financial literacy, corporate governance and related matters.

The Corporation has had a high degree of continuity in its directors which has enabled them to develop a considerable understanding of the Corporation's business.

## **5. ETHICAL BUSINESS CONDUCT**

The Corporation is committed to performing its business activities and operations with integrity and due regard to the public interest and the interest of its shareholders. For the Corporation to meet those standards, the Corporation expects all employees, contractors, directors and officers to make a conscientious effort to maintain a high standard of business ethics and social awareness while conducting their corporate and operating activities.

The Board has adopted a Business Code of Conduct (the "Code") for the directors, officers, and employees of the Corporation, its divisions and wholly owned subsidiaries. The Code formally sets out standards for behavior and practice and requires all directors, officers, and employees to indicate in writing their familiarity with the Code and their agreement to comply with it. The Code is reviewed and revised periodically to ensure currency and inclusiveness. A hard copy is provided to each new employee who must agree to comply with it as a condition of employment and each employee must certify annually that they have received, read, understood and complied with the Code. In addition, each manager responsible for a business unit certifies annually that the manager's employees have received, read and understood the Code. Each member of the Board certifies their compliance with the Code annually. The responses are reported to the President and Chief Executive Officer and the HRC&G Committee as well as the full Board. A copy of the Code is posted on the Corporation's web site and available to any party who requests a hard copy.

If any director or officer has a material interest in any potential or existing transaction or agreement involving the Corporation, the director or officer must disclose that interest in writing in accordance with the provisions of the *Business Corporations Act* (Alberta). The disclosing director may be excused from any discussions pertaining to the topic and must abstain from voting on any motion regarding the matter.

The Board supports a culture of ethical business conduct and leads by example. The Board has also adopted a whistleblower policy and engaged a third party service provider to ensure that employees can report inappropriate conduct anonymously and without fear of reprisal.

## **6. NOMINATION OF DIRECTORS**

The HRC&G Committee shall carry out the nomination process on an annual basis, and specifically shall:

- (i) Develop criteria which reflect the needs of the Board in recruiting new directors;
- (ii) Meet with, interview and evaluate potential candidates for the position of Director to ensure that:
  - the Board is constituted with individuals of diverse background talents and experience;
  - when a vacancy occurs, qualified candidates are available;
- (iii) Request nominations from the membership and place into nomination the names of candidates who are nominated by the members of the Corporation, in accordance with the Corporation's by-laws;
- (iv) Provide Committee endorsement of one or more of the nominees for each of the open positions, and communicate its recommendation to the membership in the election process; and
- (v) Review and recommend changes in policy and procedures related to the nomination and election of Directors, subject to the Corporation's by-laws.

## **7. HR, COMPENSATION & GOVERNANCE COMMITTEE**

The Board has a HRC&G Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation and are unrelated, independent directors of the Corporation. The Board's policy regarding director independence is to adopt the practice which best serves the Corporation's needs at any particular time. In the Board's view, the current HRC&G Committee structure is appropriate considering the size of the Corporation and the Board, and that the Corporation has four significant shareholders. The HRC&G Committee members all reside in Alberta and are well-versed in compensation and governance practices for the regions and industry in which the Corporation operates. The HRC&G Committee also encourages every member of the Board to actively participate in discussions relating to executive compensation, and full Board approval is required for the President and Chief Executive Officer's

compensation. The HRC&G Committee makes recommendations to the full Board for review and approval. As of the Effective Date, the HRC&G Committee members are Terry D. Freeman, Carmen Loberg and Dale E. Tremblay. All members are considered to be independent as at December 31, 2017.

The HRC&G Committee charter was approved in 2018. In respect of compensation matters, the Committee reviews and provides recommendations to the Board on the following matters:

- (i) Compensation policies and guidelines for supervisory and management personnel of the Corporation and its related entities;
- (ii) Corporate benefits, bonuses and other incentives, including equity based compensation;
- (iii) Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on this evaluation;
- (iv) Non-CEO officer and director compensation, incentive compensation plans and equity based plans;
- (v) The review of executive compensation disclosure before the Corporation publicly discloses such information;
- (vi) Succession plans for the officers and for key employees of the Corporation; and
- (vii) Any material changes or trends in human resources policy, procedure, compensation and benefits.

In respect of corporate governance matters, the Committee reviews and provides recommendations to the Board on the following matters:

#### **Board Performance & Effectiveness**

Develop written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;

- (i) Develop clear position descriptions for the Chair of the Board and the Chair of each Board Committee, and together with the CEO, developing a clear position description for the CEO, which includes delineating management's responsibilities and developing the corporate goals and objectives that the CEO is responsible for meeting;
- (ii) Oversee the assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- (iii) Cause the Board to annually review its definition of an "independent" director;
- (iv) Develop a comprehensive orientation and continuing education program for all directors;
- (v) Review aggregate skills and competencies of the Board;
- (vi) Ensure that all members of the Board have been informed of and are aware of their duties and responsibilities as a director of the Corporation;

#### **Regulatory Oversight**

- (i) Ensuring compliance by the Board and the Corporation with all applicable securities laws and stock exchange rules;
- (ii) Develop and monitor the Corporation's general approach to corporate governance issues as they may arise;
- (iii) Propose changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities and ensure that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;
- (iv) Ensure that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure requirements;

- (v) Develop and monitor the Corporation's policies relating to trading in securities of the Corporation by insiders as well as communication and confidentiality;

### **Risk Management**

- (i) In conjunction with the Audit Committee, ensure that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business;
- (ii) Annually reviewing areas of potential personal liability of directors and ensure reasonable protective measures are in place;

### **Corporation Effectiveness**

- (i) Ensure that the vision, values and strategic direction of the Corporation are reviewed annually including execution by management
- (ii) Periodically consider the need for special policies of the Corporation, initiated by the Board, in unique or emerging policy areas such as corporate ethics, gender equality, sexual harassment or environmental practices.
- (iii) Develop a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation;

### **Director Succession Planning**

- (i) Develop and follow a process for identifying, recruiting and evaluating the potential of new directors;
- (ii) Nominate, to the Board, directors with the appropriate skills and abilities to enable the Board to carry out its responsibilities;

If, in order to properly discharge its functions, duties and responsibilities, it is necessary, in the opinion of the Committee, that the Committee obtain the advice and counsel of external advisors, the Chair of the Committee shall, at the request of the Committee, engage the necessary advisors.

## **8. ASSESSMENTS**

The HRC&G Committee is responsible for, and has established processes for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director. A Board Self-Evaluation Survey has been developed for periodic use at the discretion of the HRC&G Committee. The HRC&G Committee periodically considers the effectiveness of the full board and contributions of individual directors as well as reviews the structure and terms of reference for each of the Board committees. Additionally, the contributions of individual directors may be discussed in camera at any HRC&G Committee or Board meeting. The HRC&G Committee conducts, on behalf of the board, a board evaluation and an individual board member evaluation annually. Results were summarized by the Committee and discussed with the board.

## **9. DIVERSITY**

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Board has not adopted director term limits or other mechanisms of board renewal for the following reasons:

- the implementation of director term limits is problematic, as it is an unproven method of encouraging board effectiveness;
- the imposition of director term limits on a board implicitly discounts the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members as a result of an arbitrary determination;
- the impositions of rigid, prescribed term limits on the tenure of directors implies that boards cannot properly govern themselves, by usurping core functions of the board and replacing them with fixed criteria that may not adequately represent the interests of shareholders;
- directors with the level of understanding of a company's business, history and culture acquired through long service on the board provide additional value;
- term limits run the risk of acting as a substitute for proper board self-assessment and renewal; and

- there is little empirical evidence that a director's ability to act independently of management declines after any specific period of service.

#### **Policies Regarding the Representation of Women on the Board**

The Corporation has not adopted a policy, written or otherwise, relating to the identification and nomination of women directors to the Board because the Board generally considers diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for Board membership.

#### **Consideration of the Representation of Women in the Director Identification and Selection Process and in Executive Officer Appointments**

In identifying and nominating candidates for election or re-election to the Board, the Governance Committee and the Board considers the level of representation of women on the Board. Moreover, in appointing executive officers to the management team, the Corporation also considers the level of representation of women in executive officer positions. In considering individuals as potential directors or members of senior management, the Corporation at all times seeks the most qualified persons. The Corporation believes that this approach enables it to make decisions regarding the composition of the Board and senior management team based on what is in the best interests of the Corporation and its shareholders.

#### **Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Corporation has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Corporation does not believe that any director nominee or candidate for an executive officer position should be chosen nor excluded solely or largely because of gender. Rather, directors and executive officers are recruited based on their ability and contributions. Moreover, in selecting a director nominee or a candidate for an executive officer position, the Corporation considers the skills, expertise and background that would complement the existing Board or management team, as applicable.

#### **Number of Women on the Board and in Executive Officer Positions**

As of the Effective Date, there are no women on the Board and one of the Corporation's four executive officers is a woman.

### **10. OTHER BOARD COMMITTEES**

The Board has no standing committees other than the Audit Committee (as described in the Corporation's Annual Information Form dated March 8, 2018 for the year ended December 31, 2017 filed on SEDAR at [www.sedar.com](http://www.sedar.com)) and the HRC&G Committee (as described above).

## **GENERAL**

**Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein.** All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

The contents and the sending of this Management Information Circular have been approved by the Board as of the Effective Date.

**Additional financial information is provided in the comparative consolidated financial statements for the years ended December 31, 2017 and December 31, 2016 and associated Management's Discussion & Analysis, which are available in their entirety on SEDAR at [www.sedar.com](http://www.sedar.com). Single copies of the Annual Report 2017, Annual Information Form and Information Circular are available upon request, from the Corporation's Corporate Secretary at #301, 9618 – 42 Avenue, Edmonton, Alberta T6E 5Y4 (780) 453-8451, fax (780) 453-8756. Requests for multiple copies may be subject to a nominal fee.**

**Refer to the Corporation's Annual Information Form dated March 8, 2018 for the year ended December 31, 2017, a copy of which is available on SEDAR, for information regarding the Audit Committee of the Board in the form prescribed by Form 52-110F1 of National Instrument 52-110.**

### ANNUAL GENERAL MEETING

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THURSDAY, MAY 10, 2018  
8:00 A.M. MDT

Metterra Hotel  
10454 82 Avenue  
Edmonton, Alberta, Canada

***SCHEDULE A***  
***RESTRICTED SHARE PLAN***

**Please see attached.**

**MCCOY GLOBAL INC.**  
**RESTRICTED SHARE PLAN**

**1. Purpose of the Plan**

- 1.1. Purpose. The purpose of this Restricted Share Plan (the “**Plan**”) is to provide certain directors, officers, key employees and consultants of the Corporation or a Subsidiary with an opportunity to receive equity-based incentives associated with Common Shares of the Corporation and to benefit from the appreciation of the Common Shares. This will provide an increased incentive for these directors, officers, key employees and consultants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

**2. Defined Terms**

Where used herein, the following terms shall have the following meanings, respectively:

- 2.1 “**Board**” means the board of directors of the Corporation as it may be constituted from time to time;
- 2.2 “**Change of Control**” means:
- (a) a transaction or series of transactions resulting in the sale, transfer, conveyance, lease or exchange by the Corporation of all or substantially all of its assets;
  - (b) the acceptance by the Corporation's shareholders of any offer, whether by way of a takeover bid or otherwise, representing in the aggregate fifty percent (50%) or more of all of the issued and outstanding Common Shares;
  - (c) a transaction or series of transactions resulting in the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then-owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Common Shares;
  - (d) the entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another corporation which is not an affiliate (as defined under applicable securities laws) of the Corporation;
  - (e) the circumstance in which individuals who were members of the Board immediately prior to a meeting of the shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election; or
  - (f) such other transaction or series of transactions which the Board, acting reasonably, by resolution deems to be a Change of Control;
- 2.3 “**Common Shares**” means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 6 hereof, such other Common Shares to which a Participant may be entitled upon the exercise of a Restricted Share as a result of such adjustment;
- 2.4 “**Corporation**” means McCoy Global Inc., and includes any successor corporation thereof;
- 2.5 “**Eligible Directors**” means the directors of the Corporation or any of its Subsidiaries;
- 2.6 “**Eligible Employees**” means key employees of the Corporation or any of its Subsidiaries including both full-time and part-time employees, whether or not they have a written employment contract with the Corporation;

- 2.7 **“Eligible Members of Management”** means the officers, whether or not directors, of the Corporation or any of its Subsidiaries including the president, chief executive officer, chief operating officer, chief financial officer, any vice-president, the secretary, the treasurer or the general manager of the Corporation or any of its Subsidiaries;
- 2.8 **“Eligible Service Providers”** means persons or companies engaged to provide ongoing management, consulting or other services for the Corporation or any of its Subsidiaries for an initial, renewable or extended period of twelve months or more;
- 2.9 **“Exchange”** means the Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- 2.10 **“Insider”** of the Corporation means an “insider” as defined in the TSX Company Manual, and more specifically, an “insider” for the purposes of Section 613 of the TSX Company Manual;
- 2.11 **“Market Price”** shall be determined from time to time by the Board but, in any event, shall not be lower than the closing market price of the Common Shares on the Exchange on the last trading day preceding the date of grant or settlement, as applicable. In the event that no trades of the Shares have taken place on the Exchange on any trading day within a five day period immediately preceding the date of grant, the Board may, in their sole discretion, select as the Market Price per Common Share the weighted average trading price of the Common Shares on the Exchange over the last ten trading days on which the Common Shares traded on the Exchange immediately preceding the date of the grant;
- 2.12 **“Participants”** means in respect of the Plan, Eligible Employees, Eligible Directors, Eligible Members of Management or Eligible Service Providers who elects to participate in the Plan;
- 2.13 **“Restricted Period”** means the period established by the Board with respect to a Restricted Share during which the Restricted Share either remains subject to forfeiture or is not convertible for the benefit of the Participant;
- 2.14 **“Restricted Share”** means a right as described in Section 5, to receive one Common Share or a cash payment of the Market Price of a Common Share, as determined by the Board, that generally becomes Vested, if at all, based on the Participant’s period of employment with the Corporation;
- 2.15 **“Share Grant Agreement”** is a written agreement in respect of the Plan between the Corporation and the Participant;
- 2.16 **“Subsidiary”** means a subsidiary as defined in National Instrument 45-106 – Prospectus Exemptions; and
- 2.17 **“Vested”** means, with respect to a Restricted Share, that the applicable conditions established by the Board or the Plan have been satisfied or, to the extent permitted under the Plan, waived, whether or not the Participant’s rights with respect to such Restricted Share may be conditioned upon prior or subsequent compliance with any confidentiality, non-competition or non-solicitation obligations.

### 3. **Administration of the Plan**

- 3.1 **Administration.** The Plan shall be administered by the Board. The Corporation shall effect the grant of Restricted Shares under the Plan in accordance with determinations made by the Board pursuant to the provisions of the Plan as to:
- (a) the Eligible Employees, Eligible Directors, Eligible Members of Management or Eligible Service Providers to whom Restricted Shares will be granted; and
  - (b) the number of Common Shares which shall be the subject of each Restricted Share.
- 3.2 **Committee.** The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

#### 4. Grants of Restricted Shares

- 4.1 Grants. The Board, or a committee as the Board may delegate, from time to time shall grant Restricted Shares to certain Eligible Employees, Eligible Directors, Eligible Members of Management or Eligible Service Providers. The grant of Restricted Shares will be subject to the conditions contained in Section 5 and may be subject to additional conditions determined by the Board from time to time.
- 4.2 Share Grant Agreements. Each Restricted Share granted hereunder shall be evidenced by a Share Grant Agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time, subject to the requirements of the Exchange and will be consistent with the terms and conditions of this Plan. Each Share Grant Agreement shall recite that it is subject to the provisions of the Plan, and shall set forth, at a minimum, the number of Restricted Shares, and any applicable vesting and expiry conditions.
- 4.3 Reservation of Common Shares. The aggregate number of Common Shares that may be issued pursuant to the exercise or settlement of Restricted Shares granted under the Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares issued and outstanding from time to time (calculated on a non-diluted basis), subject to the following limitations:
- (a) the aggregate number of Common Shares reserved for issuance pursuant to Restricted Shares granted to any one person under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis);
  - (b) the aggregate number of Common Shares reserved for issuance pursuant to Restricted Shares granted to Insiders under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 10% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis); and
  - (c) the aggregate number of Common Shares issued pursuant to Restricted Shares granted to Insiders under the Plan, together with all other security based compensation arrangements of the Corporation, within a one-year period, must not exceed 10% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis).

The Common Shares in respect of which Restricted Shares are not exercised shall be available for subsequent Restricted Shares. No fractional Common Shares may be issued hereunder.

- 4.4 Vesting. The Board shall determine any and all conditions to the vesting of all and/or any portion of Restricted Shares and shall specify the material terms thereof in the applicable instrument of grant. Vesting of a Restricted Share, or portion thereof, may be conditioned upon passage of a Restricted Period, satisfaction of certain criteria as set out in Section 5.1, continued employment, or any combination of the foregoing as determined by the Board, provided that except in connection with the death of a Participant, in accordance with Section 12.6 hereof or as otherwise determined by the Board, Restricted Shares will not become Vested more rapidly than the first anniversary of the date of grant.
- 4.5 Term. The term of each Restricted Share shall be determined by the Board in its discretion, to a maximum of:
- (a) 10 years from the date of grant, or such shorter term as may be required by the rules of the Exchange to the extent applicable to such Restricted Share. The vesting period or periods within this period during which a Restricted Share or a portion thereof may convert into Common Shares shall be determined by the Board; or
  - (b) in the event that the date determined by the Board on which a Restricted Share will expire (the “**Fixed Expiry Date**”) falls within a period of time imposed by the Corporation upon certain designated persons during which those persons may not trade in any securities of the Corporation (a “**Black-Out Period**”), the expiry date of the Restricted Share shall be the Fixed Expiry Date plus ten (10) business days from the date any Black-Out Period ends (the “**Black-Out Expiration Term**”). In the event that the Fixed Expiry Date falls within five (5) business days immediately after a Black-Out Period ends, the Black-Out Expiration Term

shall be reduced by the number of days between the Fixed Expiry Date and the date the Black-Out Period ends.

4.6 Other. The Board may specify such other terms and conditions, consistent with the terms of the Plan, as it shall determine or as shall be required under any other provision of the Plan. Such terms may include, without limitation, provisions requiring forfeiture of Restricted Shares in the event of termination of employment by the Participant and provisions permitting a Participant to make elections relating to a Restricted Share.

## 5. **Restricted Shares**

5.1 General. The Board may from time to time grant awards of Restricted Shares, subject to applicable law and the rules of the Exchange, to Participants on such terms and conditions, consistent with the Plan, as the Board shall determine. The Board may take into account one or more of the following factors:

- (a) the duties, responsibilities, position and seniority of the Participant;
- (b) the individual contributions and potential contributions of the Participant to the success of the Corporation;
- (c) the base salary and any other compensation (e.g., cash or securities) paid or to be paid to the Participant in respect of his or her individual contributions and potential contributions to the success of the Corporation;
- (d) the Market Price of the Common Shares at the time of grant of the Restricted Shares; and
- (e) any other factor the Board, in its sole discretion, deems relevant in connection with accomplishing the purposes of this Plan.

5.2 Settlement. Restricted Shares shall be settled upon or as soon as reasonably practicable following becoming Vested, subject to payment or other satisfaction of all related withholding obligations in accordance with the provisions of this Plan. In its sole discretion, the Board may permit settlement to be made in cash by payment of an aggregate amount equal to: the product of (A) the Market Price on the applicable settlement date specified in the Restricted Share, and (B) the number of Restricted Shares then being settled.

5.3 Forfeiture of Restricted Shares. Subject to Section 8, the Board, in its sole discretion, shall specify the circumstances in which Restricted Shares shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of a Restricted Period or settlement.

## 6. **Adjustments**

6.1 Adjustments in Common Shares. Appropriate adjustments in the number of Common Shares subject to the Plan and Restricted Shares granted or to be granted, shall be made by the Board, subject to Exchange approval, to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

6.2 Adjustments to Plan or Share Grant Agreement. Subject to Section 10 and to Exchange approval, appropriate adjustments to this Plan, to any Restricted Shares and to any Share Grant Agreements outstanding under this Plan, shall be made by the Board to prevent dilution or enlargement of the rights granted to the Participants hereunder.

## 7. **Decisions of the Board**

7.1 Finality. All decisions and interpretations of the Board respecting the Plan or Restricted Shares granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants eligible under the provisions of the Plan to participate therein.

## 8. Termination of Employment/Death

- 8.1 Termination. Restricted Shares shall terminate at the earlier of: (i) the expiry date of the Restricted Share; or (ii) unless otherwise provided in the agreement evidencing the grant or otherwise determined by the Board, (A) the close of business 30 days after the Participant ceasing (other than by reason of death but including termination without cause) to be at least one of an officer, director, employee (in active employment carrying out regular and normal duties), or consultant of the Corporation or a Subsidiary, as the case may be, or (B) the close of business 30 days after the Participant has been provided with written notice of dismissal related to (A) above, except in the case of dismissal for cause in which case the Restricted Shares shall terminate immediately.
- 8.2 Death. If before the expiry of a Restricted Share in accordance with the terms thereof a Participant ceases to be an employee, officer, director or consultant by reason of the death of the Participant, any unvested portion of such Restricted Share shall be immediately vested. In addition, such Restricted Share may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal personal representative(s) of the Participant's estate or at any time before 5:00 p.m. Calgary time on the 90th day after the date of death of the Participant, subject to, at the discretion of the Board of Directors of the Corporation, to extension of the expiry.
- 8.3 No Employment Right. The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere in any way with the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment at any time.
- 8.4 Change of Employment. Restricted Shares shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.
- 8.5 Leave of Absence. If an employee is on military, sick leave or other bona fide leave of absence, such person shall be considered an employee for purposes of an outstanding Restricted Share during the period of such leave, provided that it does not exceed 90 days (or such longer period as may be determined to be acceptable by the Board in its sole discretion), or, if longer, so long as the person's right to reemployment is guaranteed either by statute or by contract. If the period of leave exceeds 90 days (or such longer period as may be determined to be acceptable by the Board in its sole discretion), the employment relationship shall be deemed to have terminated on the 91st day (or the first day immediately following any period of leave in excess of 90 days as approved by the Board) of such leave, unless the Person's right to reemployment is guaranteed by statute or contract.

## 9. Withholding Taxes

- 9.1 Taxes. When a Participant or other person becomes entitled to receive Common Shares under any Restricted Share, the Corporation will have the right to require the Participant or the other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of those methods:
- (a) the tendering by the Participant of a cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation; or
  - (b) the withholding by the Corporation from the Common Shares otherwise due to the Participant the number of Common Shares having a fair market value, determined as of the date the withholding tax obligation arises, approximately equal to the amount of the total withholding tax obligation; or
  - (c) the withholding by the Corporation from any cash payment otherwise due to the Participant the amount of cash as is less than or equal to the amount of the total withholding tax obligation;

provided, however, that the aggregate of any cash so paid or withheld and the fair market value of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

## 10. Amendment or Discontinuance of Plan

- 10.1 Amendments. The Plan and any issued Restricted Shares may be amended, modified or terminated with the approvals of the Exchange and shareholders by ordinary resolution at a meeting of shareholders as may be required

pursuant to the policies of the Exchange. For greater certainty, shareholder approval will not be required for any of the following types of amendments (unless and to the extent prohibited by applicable law or rule of the Exchange):

- (a) amendments of a “housekeeping” nature;
- (b) amendments necessary to comply with the provisions of applicable law and the applicable rules of the Exchange;
- (c) a change to the administration of the Plan or vesting provisions of the Plan or any Restricted Shares;
- (d) a change to the termination provisions of Restricted Shares or the Plan which does not entail an extension beyond the original expiry date; and
- (e) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the Exchange.

Without limiting the generality of the foregoing, shareholder approval will be required, in accordance with the policies of the Exchange, in order for the Corporation to:

- (f) modify or amend the terms of Restricted Shares, including those previously granted, including the repricing of any Restricted Shares and the extension of the exercise period for any Restricted Shares except as otherwise permitted by the Plan;
- (g) any change to the eligible Participants under the Plan which would have the potential of broadening or increasing Insider participation; and
- (h) any other amendment required to be approved by shareholders under applicable law or rules of the Exchange.

Subject to the foregoing and regulatory approval, as applicable, the Corporation may from time to time add to, delete from, alter or otherwise amend the provisions of the Plan or any Restricted Share granted thereunder as it sees fit or may at any time terminate the Plan, provided that:

- (i) no amendment may increase the maximum number of Common Shares reserved for issuance pursuant to outstanding Restricted Shares, or without the written consent of the Participant, materially and adversely impair, alter or amend any Restricted Share previously granted to such Participant; and
- (j) a termination of the Plan shall not derogate from the rights of those Participants that hold Restricted Shares granted prior to the date of such termination, unless otherwise consented to by such Participants.

## **11. Government Regulation**

The Corporation’s obligation to issue and deliver Common Shares under any Restricted Share is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on the Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on the Exchange.

## 12. Participants' Rights

- 12.1 This Plan shall not be construed as conferring on any Participant or a Participant's estate or on any other person any of the rights or privileges as a shareholder of the Corporation.
- 12.2 Restricted Shares may be granted to Participants who are citizens or residents of a jurisdiction other than Canada on such terms and conditions different from those under the Plan as may be determined by the Board to be necessary or advisable to achieve the purposes of the Plan while also complying with applicable local laws, customs and tax practices, including any such terms and conditions as may be set forth in any supplement to the Plan intended to govern the terms of any such Restricted Share. In no event shall the eligibility, grant, exercise or settlement of a Restricted Share constitute a term of employment, or entitlement with respect to employment, of any Participant.
- 12.3 Neither the Board, nor the Corporation makes any commitment or guarantee that any specific tax treatment will apply or be available to pay any person participating or eligible to participate hereunder.
- 12.4 A grant of Restricted Share is effective as of 12:01 a.m. on the date of grant.
- 12.5 Non-Assignable. Restricted Shares granted to Participants hereunder are non-assignable, except by testamentary disposition by the Participant or the laws of intestate succession in the case of the death of a Participant, and are exercisable only by the Participant to whom the Restricted Share has been granted.
- 12.6 Change of Control. Upon the closing or completion of a Change of Control or upon the occurrence of a deemed Change of Control pursuant to paragraph (f) of the definition of Change of Control, the vesting of Restricted Shares shall be accelerated in full. In the event of a potential Change of Control the Board shall have the power to accelerate the date at which such Restricted Shares become exercisable.

## 13. Effective Date and Term of Plan

- 13.1 The Plan, and any amendments to the Plan, shall become effective upon its or their adoption by the Board, subject to approval by the shareholders of the Corporation at the next meeting of shareholders of the Corporation or any adjournment thereof, if required. The effective date of this Plan, as so amended, shall be the date of approval by the shareholders. If the shareholders do not approve the Plan, or any amendments to the Plan requiring shareholder approval, the Plan or such amendments shall not be effective, and any and all actions taken prior thereto under the amendments effected hereby, including the making of any Restricted Shares subject to such approval being obtained, shall be null and void or shall, if necessary, be deemed to have been fully rescinded. However, in such case the existing plan shall remain in effect. If so approved, this Plan shall remain in effect with respect to Restricted Shares granted on or before the tenth anniversary of the effective date of this Plan (and no Restricted Shares may be made after such tenth anniversary), but the operation and terms of the Plan shall remain in effect with respect to Restricted Shares granted prior to such expiration of the Plan.
- 13.2 Restricted Shares granted on or after the effective date of the amendments as provided in Section 12.1 are granted under and subject to the terms of this Plan as amended and restated and all outstanding Restricted Shares granted under the prior plan, prior to the effective date of the Plan will be assumed and continued under the Plan, but nevertheless shall remain subject to their individual instrument of grant and the terms of the prior plans as in effect immediately prior to the effective date of the Plan, including provisions concerning change of control or other related events.
- 13.3 The Plan shall terminate on the date determined by the Board and no Restricted Shares may become effective under the Plan after the date of termination, but such termination shall not affect any Restricted Shares that became effective pursuant to the Plan prior to such termination.