



ZCL COMPOSITES INC.

**NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS
TO BE HELD ON MARCH 26, 2019**

and

**NOTICE OF ORIGINATING APPLICATION
TO THE COURT OF QUEEN'S BENCH OF ALBERTA**

and

INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to a

PROPOSED PLAN OF ARRANGEMENT

involving

**ZCL COMPOSITES INC., SHAWCOR LTD.
AND THE SECURITYHOLDERS OF
ZCL COMPOSITES INC.**

THE BOARD OF DIRECTORS OF ZCL COMPOSITES INC. RECOMMENDS THAT ZCL SECURITYHOLDERS VOTE "FOR" THE ARRANGEMENT RESOLUTION

February 15, 2019

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LETTER TO SECURITYHOLDERS

February 15, 2019

Dear Securityholders:

The Board of Directors (the "**Board**") of ZCL Composites Inc. ("**ZCL**" or the "**Company**") invites you to attend a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") and the holders (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") of outstanding options (the "**Options**", and together with the Common Shares, the "**Securities**") of ZCL to be held at 2:00 p.m. (Edmonton time) on March 26, 2019 at the offices of Bennett Jones LLP, 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3.

At the Meeting, you will be asked to consider and vote upon a special resolution (the "**Arrangement Resolution**") to approve a proposed plan of arrangement (the "**Arrangement**") involving ZCL, Shawcor Ltd. ("**Shawcor**") and the Securityholders under section 192 of the *Canada Business Corporations Act* ("**CBCA**"), all as more particularly described below and in our accompanying information circular and proxy statement of the Company dated February 15, 2019 (the "**Circular**"). ZCL and Shawcor entered into an arrangement agreement (the "**Arrangement Agreement**") dated effective as of January 20, 2019, pursuant to which the Arrangement is proposed to be carried out.

The Arrangement

On January 20, 2019, ZCL and Shawcor entered into the Arrangement Agreement, pursuant to which Shawcor agreed to acquire all of the issued and outstanding Common Shares. Under the terms of the Arrangement, Shareholders will be entitled to receive \$10.00 in cash consideration for each Common Share held (the "**Cash Consideration**"). The Cash Consideration represents a 46% premium to the 20-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange as of January 18, 2019, the last trading day prior to the execution of the Arrangement Agreement by ZCL and Shawcor.

Full details of the Arrangement are set out in the Circular. The Circular describes the Arrangement and includes certain additional information to assist you in considering how to vote on the proposed Arrangement Resolution, including certain risk factors relating to the completion of the Arrangement. You should carefully review and consider all of the information in the Circular. If you require assistance, consult your financial, legal, tax or other professional advisor. The Arrangement is subject to customary closing conditions for a transaction of this nature, including Securityholder and Shareholder approval, court approval and certain other third party approvals.

If the Securityholders and the Shareholders approve the Arrangement, it is currently anticipated that the Arrangement will be completed on or about April 2, 2019, subject to obtaining court approval, as well as the satisfaction or waiver of other conditions contained in the Arrangement Agreement. However, it is not possible to state with certainty when or if the closing of the Arrangement will occur.

The Meeting

The Meeting will be held at 2:00 p.m. (Edmonton time) on March 26, 2019 at the offices of Bennett Jones LLP, 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3.

The Board has set the close of business on February 15, 2019 as the record date for determining Securityholders who are entitled to receive notice of, attend and to vote at, the Meeting and any postponement or adjournment of the Meeting. Registered Securityholders may attend the Meeting in person or may be represented by proxy. Securityholders who are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment(s) or postponement(s) thereof. To be valid, completed proxy forms must be dated, completed, signed and deposited with ZCL's registrar and transfer agent, AST Trust Company (Canada) ("**AST**"): (a) by mail using the enclosed return envelope or one addressed to AST, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 01A (b) by email at proxyvote@astfinancial.com or (c) by facsimile at 1-866-781-3111 or 1-416-368-2502 (within the 416 area code).

Securityholders may also use the internet site at www.astvotemyproxy.com to transmit their voting instructions. Securityholders should have the form of proxy in hand when accessing the website and will be prompted to enter their control number, which is located on the form of proxy. Proxy or voting instructions must be received in each case no later than 2:00 p.m. (Edmonton time) on March 22, 2019. If a Securityholder receives more than one form of proxy because such Securityholder owns Common Shares or Options registered in different names or addresses, each form of proxy should be completed and returned. The chair of the Meeting will have the discretion to accept all, but not less than all, valid proxies received after the foregoing deadline and prior to the Meeting. Non-registered or beneficial Shareholders who do not hold the Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf.

Also enclosed is a letter of transmittal ("**Letter of Transmittal**") for use by registered Shareholders, which contains complete instructions on how to exchange your Common Shares for the Cash Consideration to which you are entitled for such Common Shares upon completion of the Arrangement. Registered Shareholders must complete and sign the Letter of Transmittal accompanying the Circular and deliver it, the certificate(s) representing their Common Shares and the other documents required by the Letter of Transmittal to AST, as depositary, in accordance with the instructions contained in the Letter of Transmittal. You will not receive your Cash Consideration or applicable cash payment until after the Arrangement is completed and you have returned your properly completed documents, including each applicable Letter of Transmittal, and the certificate(s) or documents representing your Common Shares to the depositary.

Securityholder Vote

To be effective, the Arrangement Resolution must be approved by: (i) not less than 66 2/3% of the votes cast on the Arrangement Resolution by the Securityholders present in person or represented by proxy at the Meeting, with each Securityholder being entitled to one vote for each Security held by such holder; and (ii) not less than 66 2/3% of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, with each Shareholder being entitled to one vote for each Common Share held by such holder. In addition, pursuant to and in accordance with the policies of the Toronto Stock Exchange, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

Dissent Rights

Pursuant to section 190 of the CBCA, registered holders of Common Shares (each, a "**Registered Shareholder**") will have dissent rights with respect to the Arrangement ("**Dissent Rights**"). A Registered Shareholder's right to dissent and to be paid the fair value of their Common Shares is more particularly described in the Circular, the Interim Order and the Plan of Arrangement. Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any Dissent Rights.

A Registered Shareholder wishing to exercise Dissent Rights must send a written objection to the Arrangement Resolution, which written objection must be received by ZCL c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Justin R. Lambert / David Spencer, by no later than 5:00 p.m. (Calgary time) on March 22, 2019 or by 5:00 p.m. (Calgary time) on the day that is two (2) Business Days immediately preceding the date of the Meeting if it is not held on March 26, 2019.

Board Approval and Recommendation

The Board, after careful consideration of various factors, in consultation with its financial and legal advisors, and the fairness opinion of Raymond James Ltd., has determined that the Arrangement is in the best interests of ZCL and is fair to Securityholders, and recommends that the Securityholders vote **FOR** the Arrangement. In making its recommendation, the Board considered a number of factors as described in the Circular under the heading "*The Arrangement – Reasons for the Arrangement*".

On behalf of the Board, I would like to acknowledge the support our shareholders have demonstrated with respect to our decision to move forward with the proposed acquisition of ZCL. We look forward to seeing you at the Meeting.

Yours very truly,

(signed) "*Edward Redmond*"
President and Chief Executive Officer

ZCL COMPOSITES INC.

NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated February 13, 2019, a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares of ZCL Composites Inc. (the "**Common Shares**") and the holders (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") of options to acquire Common Shares (the "**Options**", and together with the Common Shares, the "**Securities**") of ZCL Composites Inc. ("**ZCL**" or the "**Company**") shall be held at 2:00 p.m. (Edmonton time) on March 26, 2019 at the offices of Bennett Jones LLP, 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3. The Meeting shall be held for the following purposes:

1. to consider and, if deemed advisable, to pass a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix "A" to the accompanying information circular and proxy statement of the Company dated February 15, 2019 (the "**Circular**"), to approve an arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving ZCL, Shawcor Ltd. ("**Shawcor**") and the Securityholders, all as more particularly described in the Circular; and
2. to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The details of all matters proposed to be put before the Securityholders at the Meeting are set forth in the Circular accompanying this Notice of Meeting.

The board of directors of ZCL has received and reviewed a fairness opinion from Raymond James Ltd. in the form attached as Appendix "E" to the Circular and has determined that the Arrangement is in the best interests of ZCL and is fair to Securityholders, and after receiving legal and financial advice, recommends that Securityholders vote in favour of the Arrangement Resolution. It is a condition to the completion of the Arrangement that the Arrangement Resolution be approved at the Meeting.

The board of directors of ZCL has set the close of business on February 15, 2019 as the record date (the "**Record Date**") for determining Securityholders who are entitled to receive notice of, attend and to vote at, the Meeting and any postponement or adjournment of the Meeting. Only Securityholders of record at the close of business on the Record Date are entitled to have their votes counted at the Meeting, unless, in the case of Shareholders, any such Shareholder transfers its Common Shares after the Record Date and the transferee of those Common Shares, having established ownership of the Common Shares, demands that, not later than ten (10) days before the Meeting, the transferee's name be included in the list of Shareholders entitled to vote at the Meeting.

Each Common Share and each Option entitled to be voted in respect of the Arrangement Resolution will entitle the holder thereof to one (1) vote at the Meeting. The Arrangement Resolution must be approved by: (i) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and (ii) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting. In addition, pursuant to and in accordance with the policies of the Toronto Stock Exchange, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

Registered Shareholders (i.e. Shareholders holding a physical share certificate representing Common Shares held in the name of the respective Shareholder or a DRS Advice evidencing Common Shares registered in their name) have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Common Shares in accordance with the provisions of section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. A registered Shareholder wishing to exercise the right of dissent with respect to the Arrangement must send to ZCL a written objection to the Arrangement Resolution, which written objection must be received by ZCL c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Justin R. Lambert / David Spencer by no later than 5:00 p.m. (Calgary time) on March 22, 2019 or by 5:00 p.m. (Calgary time) on the day that is two (2) Business Days immediately preceding the date of the Meeting if it

is not held on March 26, 2019, and must otherwise strictly comply with section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. A registered Shareholder's right to dissent is more particularly described in the Circular, and a copy of the Interim Order and the text of section 190 of the CBCA are set forth in Appendix "C" and Appendix "D", respectively, to the Circular. **Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent.**

Registered Securityholders may attend the Meeting in person or may be represented by proxy. Securityholders who are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment(s) or postponement(s) thereof. To be valid, completed proxy forms must be dated, completed, signed and deposited with ZCL's registrar and transfer agent, AST Trust Company (Canada) ("AST"): (a) by mail using the enclosed return envelope or one addressed to AST, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 01A (b) by email at proxyvote@astfinancial.com or (c) by facsimile at 1-866-781-3111 or 1-416-368-2502 (within the 416 area code). Securityholders may also use the internet site at www.astvotemyproxy.com to transmit their voting instructions. Securityholders should have the form of proxy in hand when accessing the website and will be prompted to enter their control number, which is located on the form of proxy. Proxy or voting instructions must be received in each case no later than 2:00 p.m. (Edmonton time) on March 22, 2019. If a Securityholder receives more than one form of proxy because such Securityholder owns Common Shares or Options registered in different names or addresses, each form of proxy should be completed and returned. The chair of the Meeting will have the discretion to accept all, but not less than all, valid proxies received after the foregoing deadline and prior to the Meeting.

A proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment thereof. As of the date hereof, management of ZCL knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Meeting. Securityholders who are planning on returning the form of proxy are encouraged to review the Circular carefully before submitting the proxy form.

Non-registered or beneficial Shareholders who do not hold the Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary (an "**Intermediary**") must complete and return the voting instruction form provided to them or follow the procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf. **Failure to do so may result in such Shareholders not being eligible to vote their Common Shares at the Meeting. See "Information Concerning the Meeting – Information for Beneficial Holders" in the Circular.**

It is the intention of the persons named in the enclosed form(s) of proxy, if not expressly directed to the contrary in such form(s) of proxy, to vote in favour of the Arrangement Resolution.

If you are a beneficial owner of Common Shares that are registered in the name of a broker, financial institution, trustee, nominee or other intermediary, and wish to dissent, you should be aware that only registered Shareholders are entitled to exercise dissent rights. Registered Shareholders who hold Common Shares on behalf of more than one beneficial owner, some of whom wish to exercise dissent rights, must exercise dissent rights on behalf of such beneficial holders who wish to dissent.

Also enclosed is a letter of transmittal ("**Letter of Transmittal**") for use by registered Shareholders, which contains complete instructions on how to exchange your Common Shares for the cash consideration to which you are entitled for such Common Shares upon completion of the Arrangement. Registered Shareholders must complete and sign the Letter of Transmittal accompanying the Circular and deliver it, certificate(s) representing their Common Shares and the other documents required by the Letter of Transmittal to AST, as depositary, in accordance with the instructions contained in the Letter of Transmittal. See "*Information Concerning the Meeting – Procedure for Exchange of Common Share Certificate(s)*" in the Circular. Optionholders are directed to see "*Effect of the Arrangement – Effect of the Arrangement on Options*" for details with respect to Options.

DATED at Edmonton, Alberta, this 15th day of February, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS
OF ZCL COMPOSITES INC.**

(signed) "*Edward Redmond*"
President and Chief Executive Officer

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, C. C-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
ZCL COMPOSITES INC., SHAWCOR LTD.
AND THE SHAREHOLDERS AND OPTIONHOLDERS OF
ZCL COMPOSITES INC.

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of ZCL Composites Inc. ("**ZCL**") with respect to a proposed arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), involving, ZCL, Shawcor Ltd. and the holders (the "**Shareholders**") of common shares of ZCL (the "**Common Shares**") and the holders (the "**Optionholders**", and together with the Shareholders, the "**Securityholders**") of options to acquire Common Shares of ZCL (the "**Options**", and together with the Common Shares, the "**Securities**"), which Arrangement is described in greater detail in the information circular and proxy statement of the Company dated February 15, 2019, accompanying this Notice of Originating Application. At the hearing of the Application, ZCL intends to seek:

1. a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the Securityholders and other persons affected, both from a substantive and procedural point of view;
2. an order approving the Arrangement pursuant to the provisions of section 192 of the CBCA;
3. an order declaring that the Registered Shareholders shall have the right to dissent in respect of the Arrangement pursuant to the provisions of section 190 of the CBCA, as modified by the interim order (the "**Interim Order**") of the Court dated February 13, 2019 and the Arrangement;
4. a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of section 192 of the CBCA, become effective in accordance with its terms and will be binding on and after the effective date of the Arrangement; and
5. such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the Application was directed to be heard before a Justice of the Court of Queen's Bench of Alberta, Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta T2P 5P7, on February 13, 2019 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Securityholder or other interested party desiring to appear and make submissions at the Application is required to file with the Court, and serve upon ZCL, on or before 5:00 p.m. (Calgary time) on March 21, 2019 (or the business day that is five (5) business days prior to the date of the Meeting if it is not held on March 26, 2019), a notice of intention to appear (a "Notice of Intention to Appear") setting out the address for service of such interested party (or alternatively, an email address for service by electronic mail) and indicating whether such interested party intends to support or oppose or make submissions at the Application, together with a summary of the position such interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service on ZCL is to be effected by delivery to its solicitors at the address set forth below.**

AND NOTICE IS FURTHER GIVEN that, at the hearing and subject to the foregoing, Securityholders and any other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you do not attend, either in person or represented by counsel, at that time, the Court

may approve the Arrangement as presented, or may approve the Arrangement subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that the Court, by the interim order, dated February 13, 2019 (the "**Interim Order**") has given directions as to the calling and holding of the meeting of Securityholders for the purpose of such Securityholders voting upon the resolution to approve the Arrangement and, in particular, has directed that Registered Shareholders have the right to dissent with respect to the Arrangement in accordance with the provisions of section 190 of the CBCA, as modified by the terms of the Interim Order.

AND NOTICE IS FURTHER GIVEN that further notice in respect of these proceedings will only be given to those persons who have filed a Notice of Intention to Appear.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Securityholder or other interested party requesting the same by the undermentioned solicitors for ZCL upon written request delivered to such solicitors as follows:

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Facsimile Number: (403) 265-7219
Attention: Justin R. Lambert / David Spencer

DATED at the City of Edmonton, in the Province of Alberta, this 15th day of February, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS
OF ZCL COMPOSITES INC.**

(signed) "*Edward Redmond*"
President and Chief Executive Officer

Q&A ON THE ARRANGEMENT, VOTING AND SOLICITATION OF PROXIES

The following is a summary of certain information contained in this Circular, together with some of the questions that you, as a Securityholder, may have and answers to those questions. This section is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular and the attached Appendices, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms or elsewhere in this Circular.

Q: Does the ZCL Board support the Arrangement?

A: **Yes.** Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and other relevant factors considered by the ZCL Board, the majority of the ZCL Board has: (i) determined that the Arrangement is in the best interests of ZCL and is fair to the Securityholders after receiving legal and financial advice; (ii) approved the Arrangement, the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement; and (iii) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution.

In making its determination, the ZCL Board considered and relied upon a number of substantive factors, carefully considered all aspects of the Arrangement Agreement and the Arrangement, and considered a variety of uncertainties, risks and other potentially negative factors concerning the Arrangement and the Arrangement Agreement, which the majority of ZCL Board concluded were outweighed by the potential benefits of the Arrangement, although there can be no assurances in this regard. The ZCL Board, after careful consideration of various factors, in consultation with its financial and legal advisors, and the fairness opinion of RJ, has determined that the Arrangement is in the best interests of ZCL and is fair to Securityholders.

See "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Reasons For and Anticipated Benefits of the Arrangement*".

Q: When will the Arrangement become effective?

A: If the Meeting is held as scheduled and is not adjourned or postponed, ZCL expects to apply for the Final Order approving the Arrangement on March 29, 2019. If the Final Order is obtained on March 29, 2019, in form and substance satisfactory to each of ZCL and Shawcor, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, ZCL and Shawcor expect the Effective Date to be on or about April 2, 2019.

See "*Timing*".

Q: What will I receive for my Common Shares under the Arrangement?

A: If the Arrangement is completed, each holder of Common Shares at the Effective Time (other than the Dissenting Shareholders) will receive the Cash Consideration and each of the Optionholders will receive the Option Consideration.

See "*The Arrangement – Procedure for the Arrangement*".

Q: What will happen to ZCL if the Arrangement is completed?

A: If the Arrangement is completed, Shawcor will acquire all of the issued and outstanding Common Shares at the Effective Time. As a result, immediately upon completion of the Arrangement, ZCL will become a subsidiary of Shawcor.

The Common Shares are currently listed on the TSX. ZCL expects the Common Shares to be delisted from the TSX following the Effective Date. Following the Effective Date, ZCL will also seek to be deemed to have ceased to be a reporting issuer under the securities legislation of each of the provinces in Canada under which it is currently a reporting issuer.

Q: Who is entitled to vote on the Arrangement Resolution at the Meeting and how will votes be counted?

A: All Securityholders as of the close of business on the Record Date, being February 15, 2019, are entitled to vote on the Arrangement Resolution at the Meeting. AST, ZCL's transfer agent and registrar, will count the votes.

Q: What approvals are required to be given by Shareholders at the Meeting?

A: To be effective, the Arrangement Resolution must be approved by: (i) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and (ii) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting. In addition, pursuant to and in accordance with the policies of the TSX, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

See "*The Arrangement – Required Approvals*".

Q: What is the quorum for the Meeting?

A: For all purposes contemplated by this Circular, the quorum for the transaction of business at the Meeting shall be two (2) shareholders who are personally present each of whom is either a Shareholder entitled to attend and vote at such Meeting, a proxyholder appointed by such a Shareholder or a duly appointed representative of such a Shareholder that is a body corporate, that together hold or represent not less than 10% of the issued Common Shares entitled to be voted at the Meeting.

Q: Are the Shareholders entitled to Dissent Rights?

A: Pursuant to section 190 of the CBCA, registered holders of Common Shares will have dissent rights with respect to the Arrangement. A Shareholder's right to dissent and to be paid fair value of their Common Shares is more particularly described in this Circular, the Interim Order and the Plan of Arrangement. Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any Dissent Rights.

See "*Dissenting Shareholder Rights*".

Q: What other conditions must be satisfied to complete the Arrangement?

A: In addition to the applicable approvals by the Securityholders at the Meeting, the Arrangement is conditional upon, among other things, approval of the Court of Queen's Bench, and HSR Approval, all in accordance with the terms of the Arrangement Agreement.

See "*The Arrangement Agreement – Conditions Precedent*".

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated. If this occurs, ZCL will continue to carry on its business operations in the normal and usual course. See "*Risk Factors*". In certain termination circumstances, ZCL will be required to pay to Shawcor a Termination Fee in the amount of \$9 million or the Expenses Reimbursement Amount.

See "*The Arrangement Agreement – Termination of the Arrangement Agreement*".

Q: What do I need to do now in order to vote at the Meeting?

A: You should carefully read and consider the information contained in this Circular. Registered Shareholders should then complete, sign and date the enclosed form of proxy and return the applicable form in the enclosed return envelope or by facsimile as indicated in the Notice of Meeting as soon as possible so that your Common Shares may be represented at the Meeting. To be eligible for voting at the Meeting, the form of proxy must be returned by mail or

by facsimile to AST not later than 2:00 p.m. (Edmonton time) on March 22, 2019. Additionally, Securityholders may also use the internet site at www.astvotemyproxy.com to transmit their voting instructions.

Non-registered or beneficial Shareholders who do not hold the Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf.

See "*Information Concerning the Meeting – Information for Beneficial Shareholders and Information Concerning the Meeting – Proxy Voting*".

Q: If my Common Shares are held by my broker, will my broker vote my Common Shares for me?

A: A broker will vote the Common Shares held by you only if you provide instructions to your broker on how to vote. Without instructions, those Common Shares may not be voted. Non-Registered Shareholders should instruct their brokers to vote their Common Shares by following the directions provided to them by their brokers. Unless your broker gives you its proxy, voting instruction form or other method to provide voting instructions to vote the Common Shares at the Meeting, you cannot vote your Common Shares in person at the Meeting.

See "*Information Concerning the Meeting – Information for Beneficial Shareholders and Information Concerning the Meeting – Proxy Voting*".

Q: Should I send in my proxy now?

A: **Yes.** To ensure that your vote is counted, you should complete and submit the applicable enclosed form of proxy or, if applicable, provide your broker with voting instructions as soon as possible to ensure your Common Shares are counted at the Meeting.

Q: Can I revoke my proxy after I have voted by proxy?

A: **Yes.** In addition to revocation in any other manner permitted by law, a registered Securityholder may revoke a proxy by: (a) by instrument in writing executed by the Securityholder or such Securityholder's attorney authorized in writing or if the Securityholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either with the Depositary, acting as scrutineers, at the office of the Depositary designated in the Notice of Meeting and this Circular not later than 2:00 p.m. (Edmonton time) on the Business Day preceding the date of the Meeting (or any adjournment thereof) or with the chair of the Meeting on the day of the Meeting (or any adjournment thereof); (b) by a duly executed and deposited proxy bearing a later date or time than the date or time of the proxy being revoked; or (c) as permitted by law.

Q: What are the Canadian federal income tax consequences of the Arrangement to the Shareholders?

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see "*Certain Canadian Federal Income Tax Considerations*." **Such summary is not intended to be legal or tax advice to any particular Shareholder.**

Tax matters are complicated, and the income tax consequences of the Arrangement to you will depend on your particular circumstances. Because individual circumstances may differ, you should consult with your tax advisor as to the specific tax consequences of the Arrangement to you.

Q. Who can help answer my questions?

A: Securityholders may contact ZCL to request additional copies of this Circular by submitting a request in writing to ZCL Composites Inc., 1420 Parsons Road S.W., Edmonton, Alberta T6X 1M5.

Copies of this Circular and the Meeting materials may also be found on the SEDAR website at www.sedar.com under ZCL's profile.

MANAGEMENT INFORMATION CIRCULAR

All capitalized terms used in this Circular but not otherwise defined herein shall have the meanings set forth under "*Glossary of Terms*". Information contained in this Circular is given as of the date hereof, unless otherwise specifically stated.

General

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of ZCL for use at the Meeting, and at any adjournment(s) or postponements thereof. Other than as set forth herein, no person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase securities in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. The delivery of this Circular does not under any circumstances imply or represent that there has been no change in the information set forth herein since the date of this Circular.

The information concerning Shawcor contained in this Circular has been provided by Shawcor for inclusion in this Circular. Although ZCL has no knowledge that any statements contained herein taken from or based on such information provided by Shawcor are untrue or incomplete, ZCL assumes no responsibility for the accuracy of such information or for any failure by Shawcor to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to ZCL.

All summaries of, and references to, the Arrangement Agreement and the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement which is attached as Appendix "B" to this Circular, and the Plan of Arrangement which is attached as Schedule "B" to such Arrangement Agreement. You are urged to carefully read the full text of the Arrangement Agreement and the Plan of Arrangement.

The terms and abbreviations used in the appendices are defined separately therein. Information contained in this Circular is given as of February 15, 2019 unless otherwise specifically stated.

Securityholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

No Canadian securities regulatory authority, the United States Securities and Exchange Commission or any state securities commission has passed upon the accuracy or adequacy of this Circular. Any representation to the contrary is an offence.

Information for Securityholders in the United States

ZCL is a corporation existing under the laws of Canada. The solicitation of proxies for the Meeting by means of this Circular and the transactions contemplated thereby are not subject to the requirements of section 14(a) of the U.S. Exchange Act, and therefore this solicitation is not being effected in accordance with U.S. securities laws. Accordingly, the solicitation and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and Securities Laws, and this Circular has been prepared in accordance with disclosure requirements applicable in Canada. Securityholders in the United States should be aware that disclosure requirements under Canadian Securities Laws are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Securityholders in the United States should also be aware that other requirements under Canadian Laws may differ from those required under United States corporate and securities laws.

In particular, and without limiting the generality of the foregoing, information included in or incorporated by reference herein concerning the operations of ZCL or Shawcor has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to similar information for U.S. companies. The financial statements and other financial information included or incorporated by reference in this Circular, as applicable, have been prepared in accordance with GAAP and are subject to Canadian auditing and auditor independence standards, which differ from U.S. generally accepted accounting principles auditing and auditor independence standards and are therefore not directly comparable to financial statements of U.S. companies prepared in accordance with U.S. generally accepted accounting principles and subject to U.S. auditing and auditor independence standards.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that ZCL is amalgamated and organized under the federal laws of Canada, that most of the officers and directors of ZCL are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and a portion of the assets of ZCL, the Company Group and such other persons are, or will be, located outside the United States. As a result, it may be difficult or impossible for Securityholders in the U.S. to effect service of process within the U.S. upon ZCL, its directors or officers or the experts named in this Circular, or to realize against them upon judgements of courts of the U.S. predicated upon civil liabilities under the federal or state securities laws of the United States.

Securityholders in the United States that are United States taxpayers are advised to consult their independent tax advisors regarding the United States federal, state, local and foreign tax consequences to them of participating in the Arrangement.

THE ARRANGEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Currency

In this Circular, dollar amounts are expressed in Canadian dollars. The following table sets forth, for each period indicated, the average exchange rates for one U.S. dollar expressed in Canadian dollars during such periods, and the exchange rate at the end of the period, in each case, based upon the daily exchange rate as quoted by Oanda (www.oanda.com).

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Average (\$USD/\$CAD)	1.2965	1.2982	1.3256
Period End (\$USD/CAD)	1.3632	1.2554	1.3447

On February 14, 2019 the exchange rate for one U.S. dollar expressed in Canadian dollars was \$1.3230 based upon the daily closing exchange rate as quoted by the Bank of Canada.

Forward-Looking Statements

This Circular and the documents incorporated by reference herein contain forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Securities Laws. All statements other than statements of present or historical fact contained in this Circular are forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should" and variations of such words and similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, without limiting the generality of the foregoing, statements with respect to: the anticipated benefits of the Arrangement; the structure and effect of the Arrangement; the anticipated timing of the Meeting; the anticipated timing of and contents of the Final Order; the completion of the Arrangement and the anticipated Effective Date; the

anticipated tax treatment of the Arrangement for Securityholders; the delisting of the Common Shares from the TSX; the application to have ZCL cease to be a reporting issuer in the jurisdictions in which it is currently a reporting issuer following completion of the Arrangement; payments of the bonus earn-outs pursuant to the retention bonus program; the nature of contractual arrangements with third parties in respect of ZCL's or Shawcor's respective businesses; future general administrative expenses of ZCL and Shawcor; the impact of governmental regulation, administrative policy or tax assessment practices; changes in commodity prices and the impact of such changes on the operations of ZCL or Shawcor; changes in interest rates, currency exchange rates or inflation rates; stock market volatility and market valuations; competitive conditions; and the exercise of Dissent Rights by Registered Shareholders with respect to the Arrangement.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. ZCL believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Circular should not be unduly relied upon. These forward-looking statements speak only as of the date of this Circular.

Actual events or results may differ materially due to a number of known and unknown risks, uncertainties and other factors affecting ZCL's business and the industries the Company serves generally. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements. Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include, without limiting the generality of the foregoing: the inability to obtain required consents, permits or approvals, including Court approval of the Arrangement, Securityholder Approval of the Arrangement Resolution, HSR Approval and other third party approvals required in order to proceed with the Arrangement at all, or, if obtained, in accordance with the required timelines contained in the Arrangement Agreement; the inability to satisfy the other conditions to the Arrangement Agreement prior to the closing of the Arrangement; financial risks; capital requirements; the availability of bank financing on reasonable commercial terms, or at all; uninsurable risks; management of growth; the impact of environmental events; unanticipated operating events; competition for, among other things, capital reserves and skilled personnel; reliance on key alliances and agreements; third party performance of obligations under contractual arrangements; conflicts of interest; variations in exchange rates; and hedging and uncertainty in global financial markets. For additional information on these and other factors, see "*Advisory Regarding Forward-Looking Statements*" in ZCL's AIF and ZCL's management's discussion and analysis dated March 7, 2018 for the year ended December 31, 2017.

Management of ZCL has included the above summary of assumptions and risks related to forward-looking statements provided in this Circular in order to provide Securityholders with a more complete perspective in respect of the Arrangement and such information may not be appropriate for other purposes. ZCL's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that ZCL will derive therefrom. Accordingly, ZCL gives no assurance nor makes any representations or warranty that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this Circular and the documents incorporated by reference herein are expressly qualified by this cautionary statement. ZCL does not undertake any obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by applicable Securities Laws.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular the following terms shall have the meanings set forth below. Terms and abbreviations used in the appendices to this Circular are defined separately therein.

"Acquisition Proposal" means any direct or indirect proposal, inquiry or offer (written or oral) made or delivered to the Company from any third party or group of third parties relating to:

- (a) any merger, consolidation, amalgamation, take-over bid, tender offer, exchange offer, arrangement, business combination, joint venture, reorganization, recapitalization, liquidation, dissolution, share exchange, winding up, spin-off or sale of assets (including any lease, license, long-term supply agreement or other arrangement having the same economic effect as a sale of assets) involving or relating to the Company and/or the Company Subsidiaries;
- (b) any purchase or sale of shares or other securities of the Company and/or the Company Subsidiaries and/or any right or interests therein;
- (c) any voting agreement, trust, partnership or similar arrangement with respect to the Company and/or the Company Subsidiaries; or
- (d) any transactions or arrangements similar to, or having the same effect or consequences as, any of the foregoing;

which, in each case, in one or a series of related transactions, represents:

- (a) 20% or more of the voting or equity securities (or rights or interests in such voting or equity security interests) of the Company (in terms of number of securities or voting power); or
- (b) 20% or more of the consolidated assets, consolidated revenue or consolidated income of the Company taken as a whole, and including for great certainty any voting or equity securities (or rights or interests in such voting or equity securities of any Company Subsidiaries);

excluding the Arrangement and the transactions contemplated thereby;

"affiliate" has the meaning given to it in the Securities Act;

"AIF" means ZCL's annual information form dated March 16, 2018 for the year ended December 31, 2017;

"allowable capital loss" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses"*;

"Applicable Laws" means, in any context that refers to one or more persons, the Laws that apply to such person or persons or his/her/its/their business, undertaking, property or securities;

"Arrangement" means the arrangement under the provisions of section 192 of the CBCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of ZCL and Shawcor, each acting reasonably;

"Arrangement Agreement" means the arrangement agreement dated January 20, 2019 between ZCL and Shawcor, as supplemented, modified or amended from time to time, a copy of which is attached to this Circular as Appendix "B";

"Arrangement Resolution" means the special resolution to approve the Plan of Arrangement to be presented to the Securityholders and the Shareholders at the Meeting, a copy of which is attached to this Circular as Appendix "A";

"Articles of Arrangement" means the articles of arrangement of ZCL in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement, which shall include the Plan of Arrangement and otherwise be in a form and substance satisfactory to ZCL and Shawcor, each acting reasonably;

"associate" has the meaning given to it in the Securities Act;

"AST" means AST Trust Company (Canada);

"Beneficial Shareholder" means Shareholders of ZCL who hold their Common Shares through an Intermediary or who otherwise do not hold their Common Shares in their own name;

"Business Day" means any day, other than a Saturday, a Sunday, or a day on which banks in Calgary, Alberta or Toronto, Ontario are generally not open for business;

"Cash Consideration" means the cash amount to be paid for each Common Share pursuant to the terms of the Arrangement, being \$10.00 per Common Share;

"CBCA" means the *Canada Business Corporations Act*;

"Certificate of Arrangement" means the certificate or proof of filing to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"Circular" means this information circular, including all schedules, appendices and exhibits hereto, and information incorporated by reference herein, together with the accompanying Notice of Meeting to be sent to the Securityholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the Arrangement Agreement;

"Closing Date" means the date on which ZCL, with Shawcor's agreement, shall send to the Director the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement and the Director shall issue the Certificate of Arrangement giving effect to the Arrangement, which date will be as soon as is reasonably practicable, but, subject to the last sentence of this definition, in no event later than the third Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions set forth in Article VI of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Closing Date), and unless another time or date is agreed in writing by ZCL and Shawcor. Notwithstanding any of the foregoing, in no event shall the **"Closing Date"** be earlier than April 2, 2019;

"Common Shares" means the common shares in the capital of ZCL;

"Company" means ZCL Composites Inc.;

"Company Assets" means all of the assets, properties, permits, rights or other privileges (whether contractual or otherwise) of the Company Group;

"Company Employees" means all employees of the Company Group;

"Company Group" means, collectively, the Company and the Company Subsidiaries;

"Company Incentive Plan" means the 2015 incentive plan of the Company effective March 5, 2015;

"Company Subsidiaries" means, collectively, DWT Holding B.V., Parabeam Industrie-En Handelsonderneming B.V., ZCL Netherlands B.V., Radigan Insurance Corp., ZCL Acquisition Corp., ZCL Financing (#2) ULC, ZCL Financing (#3) ULC, ZCL Acquisition (#2) LLC, Xerxes Corporation and Troy Mfg (Texas), Inc., and "Company Subsidiary" means any one of the foregoing entities, individually;

"Confidentiality Agreement" means the non-disclosure agreement between ZCL and Shawcor dated September 4, 2018;

"Court" means the Court of Queen's Bench of Alberta in Calgary, Alberta or appellate courts therefrom;

"CRA" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations"*;

"Depository" means AST Trust Company (Canada), or such other person that may be appointed by Shawcor in connection with the Arrangement for the purpose of receiving deposits of certificates or DRS Advice formerly representing Common Shares, with the approval of ZCL acting reasonably;

"Director" means the Director appointed under section 260 of the CBCA;

"Dissent Payment" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations – Dissenting Resident Holders"*;

"Dissent Rights" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"Dissenting Non-Resident Holder" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations – Dissenting Non-Resident Holders"*;

"Dissenting Resident Holder" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations – Dissenting Resident Holders"*;

"Dissenting Shareholder" means any Registered Shareholder who has duly and validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such Registered Shareholder;

"DOJ" means the Department of Justice (United States);

"DRS" means direct registration system;

"DRS Advice" means a written confirmation provided by the Depository of the number of securities held by a shareholder in an entity registered under DRS, in "book entry" form;

"DSUs" means the deferred share units granted under the Company Incentive Plan which are outstanding immediately prior to the Effective Time and, for greater certainty, includes any deferred share units credited or to be credited as dividend-equivalent rights pursuant to the Company Incentive Plan;

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 12:01 a.m. (Calgary time) on the Effective Date or such other time as may be agreed to in writing by ZCL and Shawcor before the Effective Date;

"Expense Reimbursement Amount" means an amount to be reimbursed by the Company to Shawcor, for all documented out-of-pocket fees, costs and expenses incurred by Shawcor in connection with the Arrangement Agreement and the Arrangement, by wire transfer of immediately available funds, in an amount not to exceed \$1,000,000 pursuant to the terms and conditions set forth in the Arrangement Agreement;

"Fairness Opinion" means the opinion from RJ to the Company as to the fairness, from a financial point of view, of the Cash Consideration being offered under the Arrangement to the Shareholders, a copy of which is attached to this Circular as Appendix "E";

"Final Order" means the final order of the Court, in a form acceptable to ZCL and Shawcor, each acting reasonably, approving the Arrangement, as such order may be amended by the Court with the consent of ZCL and Shawcor, each acting reasonably, at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"FTC" means the Federal Trade Commission (United States);

"GAAP" means International Financial Reporting Standards at the relevant time, applied on a consistent basis, as adopted by the Canadian Accounting Standards Board;

"Governmental Entity" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, commission, agency, board, agent or authority of any of the foregoing; (c) the TSX; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Holder" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations"*;

"HSR Act" means the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (United States), as amended;

"HSR Approval" means that, in respect of the transactions contemplated by the Arrangement Agreement, all applicable waiting periods under the HSR Act have expired or been terminated including any extension thereof and any additional periods agreed with a Governmental Entity (such as a timing agreement) for review under the antitrust or competition laws of any jurisdiction;

"Interim Order" means an interim order of the Court, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of ZCL and Shawcor, each acting reasonably;

"Intermediary" means, collectively, a broker, financial institution, trustee, nominee or other intermediary;

"Laws" means all laws (including common law), statutes, by-laws, rules, regulations, principles of law and equity, orders, codes, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, Securities Laws and the terms and conditions of any agreement, grant of approval, permission, authority or license of any Governmental Entity;

"Letter of Transmittal" means the letter of transmittal accompanying this Circular sent to Shareholders pursuant to which Shareholders are required to deliver the certificate(s) representing their Common Shares and the other documents required thereby to the Depositary in order to receive, upon completion of the Arrangement, the applicable Cash Consideration therefor;

"Liens" means any mortgage, charge, hypothec, prior claim, lien (statutory or otherwise), pledge, assignment for security, security interest, guarantee, option, right of first refusal or first offer, occupancy right or defect of title, any other right of third parties or other encroachment or encumbrance, or any collateral securing the payment obligations of any person, as well as any other agreement or arrangement with any similar effect whatsoever, in each case, whether contingent or absolute;

"Material Adverse Effect" means, with respect to ZCL, any change, effect or occurrence that individually is or in the aggregate are, or would reasonably be expected to be, material and adverse to the business, operations or condition (financial or otherwise) of the Company Group (taken as a whole), other than any change, effect or occurrence resulting from or arising in connection with:

- (a) any change or development generally affecting the industries in which the Company Group operates;
- (b) any change in the general political, economic, financial, currency exchange, securities or credit market conditions;

- (c) any adoption, proposal, implementation or change in Applicable Laws or any interpretation or administration of Applicable Laws by any Governmental Entity, or any change in GAAP;
- (d) the announcement of the execution of and the transactions contemplated by the Arrangement Agreement (provided however that for greater certainty this exception shall not apply to any changes, effects or occurrences described in Section 3.1(e) or Section 3.1(ww) of the Arrangement Agreement);
- (e) any actions taken (or omitted to be taken) by ZCL expressly required by the Arrangement Agreement or to which Shawcor has provided prior written consent;
- (f) any changes in the market price or trading volumes of the Common Shares of ZCL (provided, however, that the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Effect);
- (g) terrorism, outbreak or escalation of war (whether or not declared), armed hostilities, riots, insurrection, civil disorder, military conflicts, political instability or other armed conflict, national calamity, natural disaster, crisis or emergency or any response by a Governmental Entity to any of the foregoing;
- (h) the failure, in and of itself, of ZCL to meet any internal or published projections, forecasts or estimates (provided, however, that such changes may be considered to determine whether such causes constitute a Material Adverse Effect); or
- (i) any exercise of Dissent Rights;

provided, however, that: (I) the change, effect or occurrence referred to in clauses (a), (b), (c) and (g) above, does not materially disproportionately and adversely affect the Company Group, taken as a whole, relative to other comparable companies and entities operating in the industries and businesses in which the Company Group operates; and (II) references in certain sections of this Circular to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Effect" has occurred;

"Meeting" means the special meeting of Securityholders to be held on March 26, 2019 in accordance with the Arrangement Agreement and the Interim Order to permit the Securityholders to consider the Arrangement Resolution and related matters, and any adjournment(s) or postponement(s) thereof in accordance with the terms of the Arrangement Agreement;

"MI 61-101" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*;

"Non-Resident Holder" has the meaning given to it under *"Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada"*;

"Notice of Meeting" means the notice of special meeting of Securityholders, which accompanies this Circular;

"Option Consideration" means the aggregate consideration payable on the surrender of Options under the Plan of Arrangement in accordance with the terms of an Option Exercise or Surrender Agreement, being for each surrendered Option, an amount equal to the product of (i) the excess of the Cash Consideration over the exercise price per Common Share for such Option and (ii) the number of Common Shares that are covered by such Option. Notwithstanding the foregoing, if the exercise price per Common Share for any Option is equal to or greater than the Cash Consideration, then the Option Consideration for such Option shall be \$0.01;

"Option Exercise or Surrender Agreement" means the agreement to be entered into by an Optionholder with ZCL and Shawcor prior to the Effective Time pursuant to which each such holder consents to the exercise or surrender of his, her or its respective Options in accordance with the Plan of Arrangement;

"Optionholder" means a holder of Options;

"Options" means the options to purchase Common Shares granted pursuant to the Stock Option Plan which are outstanding immediately prior to the Effective Time;

"Outside Date" means May 31, 2019, or such later date as ZCL and Shawcor may agree in writing, subject to the requirements of the Arrangement Agreement;

"person" includes an individual, corporation, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement" means the plan of arrangement set forth in Schedule "B" to the Arrangement Agreement which is attached to this Circular as Appendix "B", and any amendments or variations thereto made in accordance with the provisions of the Plan of Arrangement, the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of ZCL and Shawcor, each acting reasonably;

"Proposed Amendments" has the meaning given to it under "*Certain Canadian Federal Income Tax Considerations*";

"PSUs" means the performance share units granted under the Company Incentive Plan which are outstanding immediately prior to the Effective Time and, for greater certainty, includes any performance share units credited or to be credited as dividend-equivalent rights pursuant to the Company Incentive Plan;

"Public Record" means all information filed by or on behalf of ZCL since December 31, 2017 with any securities commission or Governmental Entity in compliance, or intended compliance, with applicable Securities Laws, which is available for public viewing on the SEDAR website at www.sedar.com under ZCL's profile;

"Record Date" means the record date for the Meeting, being February 15, 2019;

"Registered Shareholder" means a person whose name appears on the register of Shareholders as an owner of Common Shares;

"RJ" means Raymond James Ltd.;

"RSUs" means the outstanding restricted share units granted under the Company Incentive Plan, if any;

"Securities" means, collectively, the Common Shares and the Options;

"Securities Act" means the *Securities Act* (Alberta);

"Securities Laws" means the Securities Act, all other applicable Canadian or provincial securities laws and all rules and regulations and published policies thereunder and applicable stock exchange rules of the TSX;

"Securityholder Approval" means the approval of the Arrangement Resolution by (i) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and (ii) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting, in accordance with the Interim Order;

"Securityholders" means, collectively, the Shareholders and the Optionholders;

"Shawcor" means Shawcor Ltd.;

"Shareholders" means the holders of Common Shares;

"Special Committee" means the committee of independent directors of ZCL formed in 2017 to consider and evaluate a comprehensive and wide range of strategic and financial alternatives to enhance Shareholder value;

"Stock Option Plan" means the stock option plan (2018) of the Company dated May 4, 2018, as amended effective December 8, 2008, March 10, 2009, March 7, 2012, March 17, 2015 and March 16, 2018;

"Superior Proposal" means an unsolicited bona fide written Acquisition Proposal made after the date of the Arrangement Agreement by one or more third parties:

- (a) to acquire not less than 100% of the outstanding Common Shares or all or substantially all of the Company Assets;
- (b) that (i) did not result from or involve a breach of section 7.2 [*Non-Solicitation*] of the Arrangement Agreement, (ii) the ZCL Board and any relevant committee thereof has determined in good faith (after receipt of advice from its financial advisor(s) and outside legal counsel) is reasonably capable of completion, (iii) in respect of which it has been demonstrated to the satisfaction of the ZCL Board and any relevant committee thereof acting in good faith (after receipt of advice from its financial advisor(s) and outside legal counsel) that any required financing to complete such an Acquisition Proposal is reasonably likely to be obtained and (iv) is not subject to any due diligence condition; and
- (c) in respect of which the ZCL Board and/or any relevant committee thereof determines in good faith (after receipt of advice from outside legal counsel with respect to (i) below and its financial advisor(s) with respect to (ii) below and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal) that: (i) the failure to recommend such Acquisition Proposal to the Securityholders would be inconsistent with its fiduciary duties under Applicable Laws; and (ii) such Acquisition Proposal, if consummated in accordance with its terms, but without assuming away the risk of non-completion, would result in a transaction more favourable to the Securityholders, from a financial point of view, than the Arrangement, including any adjustment to the terms and conditions of the Arrangement proposed by Shawcor pursuant to section 7.2 [*Non-Solicitation*] of the Arrangement Agreement;

"Tax" or "Taxes" means any and all domestic and foreign federal, state, provincial, territorial, municipal and local taxes, assessments and other governmental charges, duties, impositions, liabilities, levies and other charges or assessment of any kind whatsoever imposed by any Governmental Entity, including Canada Pension Plan and provincial pension plan contributions, installments, unemployment insurance contributions and employment insurance contributions, worker's compensation premiums and deductions at source, including taxes based on or measured by gross receipts, gross income, net income, profits, sales, capital, use and occupation, and including goods and services, harmonized value added, ad valorem, transfer, franchise, withholding, customs, payroll, stamp, recapture, premium, windfall profits, employment, excise and property duties and taxes, together with any interest, penalties, fines and additions imposed with respect to such amounts;

"Tax Act" means the *Income Tax Act* (Canada), including the regulations thereto, as amended;

"Termination Fee" means an amount equal to \$9 million which may be payable by ZCL to Shawcor in certain circumstances pursuant to the terms and conditions set forth in the Arrangement Agreement;

"TSX" means the Toronto Stock Exchange;

"U.S." or "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"U.S. Exchange Act" means the *United States Securities Exchange Act of 1934*, as amended;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;

"**ZCL**" means ZCL Composites Inc.; and

"**ZCL Board**" means the board of directors of ZCL as it may be comprised from time to time.

SUMMARY

The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular and the attached appendices, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms or elsewhere in this Circular.

Date, Time and Place of Meeting

The Meeting

The Meeting will be held at 2:00 p.m. (Edmonton time) on March 26, 2019 at the offices of Bennett Jones LLP, 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3, for the purposes set forth in the Notice of Meeting accompanying this Circular. See "*Information Concerning the Meeting*".

Purpose

The purpose of the Meeting will be for Securityholders and Shareholders to consider and, if deemed advisable, approve the Arrangement Resolution. See "*Information Concerning the Meeting – Purpose*".

Record Date

The ZCL Board has set the close of business on February 15, 2019 (the "**Record Date**") as the record date for determining Securityholders who are entitled to receive notice of, attend and to vote at, the Meeting and any postponement or adjournment of the Meeting.

Securityholders of record as at the Record Date are entitled to receive notice of, attend and to vote at, the Meeting and any postponement or adjournment of the Meeting. Only Securityholders of record at the close of business on the Record Date are entitled to have their votes counted at the Meeting, unless, in the case of Shareholders, any such Shareholder transfers its Common Shares after the Record Date and the transferee of those Common Shares, having established ownership of the Common Shares, demands that, not later than ten (10) days before the Meeting, the transferee's name be included in the list of Shareholders entitled to vote at the Meeting. See "*Information Concerning the Meeting – Date, Time and Place of Meeting*".

The Parties

ZCL

ZCL is North America's largest manufacturer and supplier of environmentally friendly fiberglass reinforced plastic underground storage tanks. The Common Shares are listed and posting for trading on the TSX under the symbol "ZCL". ZCL's head office is located at 1420 Parsons Road S.W., Edmonton, Alberta T6X 1M5 and its registered and records office is located at 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3. See "*Information Concerning ZCL*".

Shawcor

Shawcor is a global energy services company specializing in products and services for the pipeline and pipe services segment of the oil and gas industry and related products for the petrochemical and industrial market. Common shares in the capital of Shawcor are listed and posted for trading on the TSX under the symbol "SCL". Shawcor's head and registered and records office is located at 25 Bethridge Road, Toronto, Ontario, Canada M9W 1M7. See "*Information Concerning Shawcor*".

Background to the Arrangement

The Arrangement Agreement is the result of the arm's length negotiation between ZCL and Shawcor. This Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between ZCL and Shawcor that preceded the execution and public announcement of the Arrangement Agreement. See "*The Arrangement – Background to the Arrangement*".

Reasons For and Anticipated Benefits of the Arrangement

The ZCL Board believes the Arrangement is in the best interests of ZCL and its Securityholders for the following reasons:

- *Premium* – The Cash Consideration of \$10.00 per Common Share offered under the Arrangement represents a 46% premium to the 20-day volume weighted average trading price of the Common Shares on the TSX for the period ended January 18, 2019, the last trading day prior to the execution of the Arrangement Agreement by ZCL and Shawcor.
- *Valuation* – The Arrangement enterprise value represents an implied multiple of 12.5 times ZCL's reported Adjusted EBITDA¹ for the 12 months ending September 30, 2018.
- *Certainty of Value* – The Cash Consideration and Option Consideration, as applicable, paid under the Arrangement is in cash, providing certainty of value and an immediate opportunity for Securityholders to dispose of all of their Common Shares and Options at a premium.
- *No Financing Condition* – The Arrangement is not subject to a financing condition and Shawcor has represented that it will have, at the time of closing, sufficient funds to satisfy the aggregate Cash Consideration.
- *Process* – A thorough process to consider strategic alternatives was conducted by the ZCL Board, in consultation with its financial and legal advisors, and after careful consideration of various factors, including the Fairness Opinion, the ZCL Board has determined that the Arrangement is in the best interests of ZCL and is fair to Securityholders.
- *Fairness Opinion* – RJ provided the ZCL Board with the Fairness Opinion which states that, in the opinion of RJ, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and other matters set forth in the Fairness Opinion, the Cash Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.
- *Closing* – The ZCL Board believes that the Arrangement is likely to be completed in accordance with its terms within a reasonable time. It is currently anticipated that the Arrangement will be completed on or about April 2, 2019;
- *Continued Ability to Entertain a Superior Proposal* – The Arrangement does not preclude the ZCL Board from responding to an unsolicited offer that constitutes a Superior Proposal, subject to compliance with certain conditions of the Arrangement Agreement, including payment of the Termination Fee by ZCL to Shawcor.
- *Required Securityholder and Court Approvals* – The following rights and approvals protect the interests of Securityholders with respect to the Arrangement: (i) the Arrangement Resolution must be approved by the

¹ Adjusted EBITDA is a financial measure that is not prepared in conformity with generally accepted accounting principles (GAAP) under International Financial Reporting Standards (IFRS). We refer to such measures as non-GAAP measures. These non-GAAP measures do not have standardized meanings under IFRS and are not necessarily comparable to similar measures provided by other companies. ZCL discloses these measures because it believes that they provide further information and assist readers in understanding the results of ZCL's operations and financial position. These measures should not be considered in isolation or used in substitution for other measures of performance prepared in accordance with GAAP. Please see ZCL's press release dated January 20, 2019 for the reconciliation to net income.

required Securityholder Approval; (ii) the Arrangement must be approved by the Court, which will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Arrangement to Shareholders; and (iii) Registered Shareholders have been granted Dissent Rights with respect to the Arrangement.

See "*The Arrangement – Reasons for and Anticipated Benefits of the Arrangement*".

Fairness Opinion

The ZCL Board retained RJ as its financial advisor in connection with its consideration of strategic alternatives, including the Arrangement. RJ provided the ZCL Board with the Fairness Opinion which states that, in the opinion of RJ, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and other matters set forth in the Fairness Opinion, the Cash Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

The full text of the written Fairness Opinion, which sets forth, among other things, assumptions made, matters considered, information reviewed, and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached to this Circular as Appendix "E". RJ provided the Fairness Opinion for the sole benefit of the ZCL Board in connection with, and for the purpose of, its consideration of the Arrangement. The Fairness Opinion is not to be construed as a recommendation to any Securityholder to vote its Securities in favour of the Arrangement Resolution or as an opinion concerning the trading price or value of the Common Shares following the announcement or completion of the Arrangement. See "*The Arrangement – Fairness Opinion*".

Recommendation of the ZCL Board

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and other relevant factors considered by the ZCL Board, the majority of the ZCL Board has: (i) determined that the Arrangement is in the best interests of ZCL and is fair to the Securityholders after receiving legal and financial advice; (ii) approved the Arrangement, the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement; and (iii) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution. See "*The Arrangement – Recommendation of the ZCL Board*".

The Arrangement

On January 20, 2019, ZCL and Shawcor entered into the Arrangement Agreement, pursuant to which Shawcor agreed to acquire all of the issued and outstanding Common Shares of ZCL. As of the date of the Arrangement Agreement, there were 30,559,648 Common Shares outstanding.

The Arrangement will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement involves a number of steps, including each of the steps outlined under the heading "*The Arrangement – Procedure for the Arrangement – The Arrangement*".

The Plan of Arrangement is attached as Schedule "B" to the Arrangement Agreement and the Arrangement Agreement is attached to this Circular as Appendix "B". The Plan of Arrangement and the Arrangement Agreement should be read in their entirety.

Arrangement Agreement

The Arrangement will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement contains representations, warranties and covenants of and from each of ZCL and Shawcor and various conditions, both mutual and with respect to ZCL and Shawcor. The Arrangement Agreement also provides that, upon the occurrence of certain termination events, ZCL may be required to pay Shawcor the Termination Fee.

This Circular includes a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached to this Circular as Appendix "B", and to the more detailed summary contained elsewhere in this Circular. See "*Effect of the Arrangement – Material Terms of the Arrangement Agreement*" and Appendix "B" to this Circular for the entire text of the Arrangement Agreement.

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 192 of the CBCA. The following procedural steps, among others, must be taken in order for the Arrangement to become effective:

- (a) the Arrangement Resolution must be approved by the Securityholders and the Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the CBCA must be filed with the Director.

There is no assurance that the conditions set forth in the Arrangement Agreement will be satisfied or waived on a timely basis, or at all, or that the Court will grant the Final Order approving the Arrangement.

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or each of ZCL and Shawcor at or prior to the Effective Time. See "*Effect of the Arrangement – Material Terms of the Arrangement Agreement*" and Appendix "B" to this Circular for the entire text of the Arrangement Agreement. There is no assurance that conditions to the completion of the Arrangement will be satisfied or waived on a timely basis or at all.

Securityholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further Court order, be approved by:

- (i) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and
- (ii) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

In addition, pursuant to and in accordance with the policies of the TSX, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

It is a condition to the completion of the Arrangement that the Arrangement Resolution be approved at the Meeting. See "*Procedure for the Arrangement to Become Effective – Securityholder Approval*".

Court Approval

On February 13, 2019, ZCL obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached to this Circular as Appendix "C".

Implementation of the Arrangement requires the approval of the Court. Subject to the terms of the Arrangement Agreement and ZCL obtaining Securityholder Approval, ZCL will make an application to the Court for the Final Order. An application for the Final Order, approving the Arrangement is expected to be made on March 29, 2019 at 2:00 p.m. (Calgary time) at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta or soon thereafter. At the application, the Court will consider, among other things, the fairness of the Arrangement. See *"Procedure for the Arrangement to Become Effective – Court Approval"*.

Canadian Securities Law Matters

ZCL is a reporting issuer or equivalent in British Columbia, Alberta, Ontario and Quebec and is therefore subject to the provisions of MI 61-101. MI 61-101 applies to "business combinations" (as defined in MI 61-101) that terminate the interests of securityholders without their consent. Unless certain exemptions apply, the Arrangement may be considered a "business combination" in respect of ZCL pursuant to MI 61-101.

To the knowledge of the directors and senior officers of ZCL, as of January 20, 2019 (the date that the Arrangement Agreement was entered into), none of the directors and executive officers of ZCL who beneficially own, or exercise control or direction over, more than 1% of the outstanding Common Shares (calculated in accordance with the provisions of MI 61-101) are receiving a "collateral benefit" in connection with the Arrangement. Accordingly, "minority approval" is not required for the Arrangement Resolution. See *"Procedure for the Arrangement to Become Effective – Canadian Securities Law Matters – MI 61-101"*.

Regulatory Matters

The Arrangement Agreement provides that receipt of HSR Approval and other third party approvals is a condition to the Arrangement becoming effective. See *"Procedure for the Arrangement to Become Effective – Regulatory Matters"*.

HSR Approval was obtained on February 11, 2019.

Stock Exchange Delisting

Following the Effective Date, it is the general practice of the TSX to delist shares approximately two (2) to three (3) business days following the receipt of the required documentation.

It is expected that the Common Shares will be delisted from the TSX shortly following the Effective Date and that an application will be made by ZCL to cease to be a reporting issuer in each province of Canada in which it is currently a reporting issuer for the purpose of securities legislation. See *"Procedure for the Arrangement to Become Effective – Stock Exchange Delisting"*.

Procedure for Exchange of Common Share Certificates

Enclosed with this Circular is a copy of the Letter of Transmittal which, when properly completed, duly executed and returned to the Depositary together with the certificate(s) or DRS Advice representing Common Shares and all other required documents, will enable Shareholders (other than Dissenting Shareholders) to obtain the Cash Consideration. Additional Letters of Transmittal are available by contacting the Depositary at 1-800-387-0825.

Shareholders who do not hold the Common Shares in their own name but rather through an Intermediary must contact such Intermediary to deposit their Common Shares. See *"Information Concerning the Meeting – Procedure for Exchange of Common Share Certificates"*.

Timing

Closing of the Arrangement will occur on the date on which ZCL, with Shawcor's agreement, shall send to the Director the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement and the Director shall issue the Certificate of Arrangement giving effect to the Arrangement. As soon as is reasonably practicable, but in no event later than the third Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions set forth in Article 6 [*Conditions*] of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as at the Closing Date), and unless another time or date is agreed to in writing by ZCL and Shawcor, ZCL shall send to the Director the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement and the Director shall then issue the Certificate of Arrangement giving effect to the Arrangement. Notwithstanding any of the foregoing, in no event shall the Closing Date be earlier than April 2, 2019.

It is not possible, however, to state with certainty when the Closing Date will occur. The Closing Date could be earlier than anticipated or could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to obtain HSR Approval in the time frames anticipated. See "*Timing*".

Dissent Rights

Registered Shareholders may exercise Dissent Rights with respect to the Common Shares held by them as described in section 2.3(c) [*Arrangement*] and Article 3 [*Rights of Dissent*] of the Plan of Arrangement, in connection with the Arrangement in accordance with section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement.

A Registered Shareholder wishing to exercise Dissent Rights must send a written objection to the Arrangement Resolution, which written objection must be received by ZCL c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Justin R. Lambert / David Spencer by no later than 5:00 p.m. (Calgary time) on March 22, 2019 or by 5:00 p.m. (Calgary time) on the day that is two (2) Business Days immediately preceding the date of the Meeting if it is not held on March 26, 2019. See "*Dissenting Shareholder Rights*".

Beneficial owners of Common Shares who wish to dissent should be aware that only the registered owner of such Common Shares is entitled to dissent. Accordingly, a Shareholder that is a Beneficial Shareholder desiring to exercise its Dissent Rights must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by ZCL or, alternatively, make arrangements for the registered holder of such holder's Common Shares to dissent on his behalf.

Certain Income Tax Consequences of the Arrangement

Canada

This Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Shareholders who, under the Arrangement, dispose of Common Shares in exchange for the Cash Consideration. See "*Certain Canadian Federal Income Tax Considerations*".

Other

This Circular does not contain a summary of the non-Canadian income or other tax considerations of the Arrangement to Securityholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions.

Risk Factors

There are risks associated with the completion of the Arrangement. In addition to the risk factors presented in ZCL's Public Record, and in Shawcor's annual information form dated March 23, 2018 for the year ended December 31, 2017, each of which are incorporated by reference herein, the following is a list of certain additional risks associated with the Arrangement which Securityholders should carefully consider before approving the Arrangement Resolution:

- the completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of ZCL and Shawcor, including the ability to obtain required consents, permits or approvals, including Court approval of the Arrangement, Securityholder Approval of the Arrangement Resolution, HSR Approval and other third party approvals required in order to proceed with the Arrangement at all, or, if obtained, in accordance with the required timelines contained in the Arrangement Agreement;
- the Arrangement Agreement may be terminated by either ZCL or Shawcor in certain circumstances;
- if a significant number of Registered Shareholders exercise Dissent Rights, the Arrangement Agreement may be terminated;
- under the Arrangement Agreement, ZCL may be required to pay the Termination Fee in the event that the Arrangement Agreement is terminated in certain circumstances. The Termination Fee may discourage other parties from attempting to enter into a business transaction with ZCL, even if those parties would otherwise be willing to enter into an agreement with ZCL for a business combination;
- if the Arrangement Agreement is terminated, there is no assurance that the ZCL Board will be able to enter into another similar transaction;
- if the Arrangement is not completed or if its completion is materially delayed and/or the Arrangement is terminated, the market price of the Common Shares may be adversely affected;
- while the Arrangement is pending, ZCL is restricted from taking certain actions;
- risks related to the income tax consequences of the Arrangement following completion of the Arrangement; and
- the other risks set forth under "*Risk Factors*".

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Circular, ZCL's Public Record, and in Shawcor's annual information form dated March 23, 2018 for the year ended December 31, 2017, each of which are incorporated by reference herein. In addition, in the event that the Arrangement is not completed and ZCL continues as a going concern, ZCL will also continue to face the risks that it currently faces with respect to its business, affairs, operations and future prospects. See "*Risk Factors*". Securityholders are urged to carefully consider all such risk factors.

THE ARRANGEMENT

Background to the Arrangement

The Arrangement Agreement is the result of the arm's length negotiation between ZCL and Shawcor. This Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between ZCL and Shawcor that preceded the execution and public announcement of the Arrangement Agreement.

The ZCL Board regularly considers strategic options to create Shareholder value. On September 25, 2017, the Special Committee engaged RJ as its exclusive financial advisor to assist in exploring and evaluating a comprehensive and wide range of strategic and financial alternatives to enhance Shareholder value. Upon its evaluation, RJ recommended that the Special Committee commence the first phases of both a change of control transaction process and the pursuit of a material business acquisition in order to determine the optimal course of action for ZCL.

The dual-track process began in December 2017 and concluded in April 2018. During this period, a total of 79 potential transaction counterparties were contacted, 28 of whom executed confidentiality agreements and received confidential information with respect to ZCL, and 10 of whom engaged in discussions with management of ZCL.

On May 3, 2018, ZCL publicly disclosed the completed strategic review process as part of its Q1 2018 results announcement. The conclusion was that this extensive and thorough process did not bring forward any actionable, value-maximizing alternatives that the ZCL Board believed to be in the best interests of ZCL, or sufficiently compelling to warrant recommending to Shareholders for their approval.

On July 10, 2018, an initial call took place between Stephen Orr, Chief Executive Officer of Shawcor, and Anthony Franceschini, chairman of the ZCL Board. During the call, Mr. Orr expressed Shawcor's desire to submit an initial expression of interest with respect to an acquisition of ZCL. Mr. Franceschini informed Mr. Orr that ZCL was no longer pursuing a potential transaction but indicated that the ZCL Board may consider any appropriate value-enhancing proposals.

Following the initial call between Mr. Franceschini and Mr. Orr, ZCL received an initial expression of interest from Shawcor on August 23, 2018, which, subject to, among other things, diligence, contemplated the acquisition of 100% of its outstanding Common Shares for cash consideration of between \$9.50 and \$10.50 per Common Share, a premium to the market price per Common Share at the time. Following a meeting of the ZCL Board on August 24, 2018, Mr. Franceschini responded to the proposal by advising that the ZCL Board was not interested in pursuing a transaction on the terms proposed by Shawcor.

On August 29, 2018, Shawcor submitted a revised expression of interest to ZCL, which contemplated the acquisition of 100% of its outstanding Common Shares for cash consideration of between \$10.50 and \$11.50 per Common Share, a premium to the market price of the Common Shares at the time. Subsequent to receiving this proposal, the ZCL Board requested that RJ complete a targeted canvass of other logical parties involved in the previous strategic review process to gauge their interest in submitting a proposal with respect to a potential transaction. No competing bidders emerged from this canvass.

On September 4, 2018, Shawcor and ZCL executed a confidentiality agreement and Shawcor was subsequently granted access to a limited online data room for the purposes of conducting initial business due diligence.

On September 12, 2018, the ZCL Board extended RJ's engagement to act as its exclusive financial advisor in connection with the potential transaction with Shawcor.

Following its preliminary due diligence, on September 21, 2018, Shawcor submitted a refined expression of interest stipulating a purchase price of not less than \$10.75 per Common Share consistent with the terms of its August 29, 2018 expression of interest. Shawcor was granted a limited exclusivity period and, over the following weeks, completed further due diligence including management meetings, investigation of environmental matters, manufacturing plant tours and a review of more detailed and up-to-date information via the online data room, including with respect to ZCL's third quarter financial results and latest projections.

Having completed this more thorough due diligence, on November 26, 2018, Shawcor submitted an expression of interest stipulating a purchase price of \$9.25 per Common Share, representing a 54% premium to the closing price of the Common Shares on the TSX on November 23, 2018, the last trading day before Shawcor submitted its expression of interest. On December 4, 2018, the ZCL Board concluded that the proposed purchase price was insufficient to warrant further consideration, and this was then communicated to Shawcor. Shawcor indicated that it would reconsider its proposed purchase price upon receipt of additional information it had requested from ZCL, which was provided on December 5, 2018.

On December 6, 2018, Shawcor submitted a proposed final letter of intent stipulating a purchase price of \$10.00 per Common Share, representing a 60% premium to the closing price of the Common Shares on the TSX on December 5, 2018, the last trading day before Shawcor submitted its proposed final letter of intent. The proposed final letter of intent indicated that the ZCL Board had until the end of the day on December 7, 2018 to decide whether to pursue a transaction with Shawcor at such price.

On December 7, 2018, the ZCL Board met and resolved to accept Shawcor's letter of intent, subject to negotiation of acceptable deal protection and other key terms.

On December 10, 2018, ZCL and Shawcor executed an amended letter of intent reflecting a purchase price of \$10.00 per Common Share and other agreed upon terms of the Arrangement, including a limited exclusivity period that would terminate on January 18, 2019.

Throughout the period of discussions with Shawcor, the ZCL Board met to evaluate and consider the submitted proposals and regularly held in-camera sessions in which independent directors discussed such proposals, and their terms, absent management.

On January 17, 2019, the ZCL Board met and discussed the terms of the draft Arrangement Agreement, including the purchase price of \$10.00 per Common Share, consulted with RJ, and received legal and financial advice regarding the draft terms of the Arrangement Agreement.

On January 20, 2019, the ZCL Board met and discussed the proposed final terms of the Arrangement Agreement, received and reviewed the Fairness Opinion, and ultimately resolved to approve the Arrangement and the Arrangement Agreement. In addition, the ZCL Board determined that the Arrangement was fair to the Securityholders and resolved to recommend that Securityholders vote in favour of the Arrangement.

A majority of the ZCL Board – being Anthony Franceschini, Ronald Bachmeier, Bruce Bentley, Diane Brickner, Leonard Cornez, and Darcy Morris – determined that the transaction proposed by Shawcor and the Cash Consideration of \$10.00 per Common Share was in the best interests of ZCL and resolved to approve the Arrangement Agreement and to recommend that Securityholders vote in favour of the Arrangement. The factors considered by the ZCL Board in doing so are described below. See *"The Arrangement – Reasons for and Anticipated Benefits of the Arrangement"*. In connection with the ZCL Board considering and ultimately resolving to approve the Arrangement Agreement, three (3) directors of ZCL – Joseph Gysel, Ralph Young and Edward Redmond – did not vote in favour of the Arrangement. These directors believed that the Cash Consideration was not sufficiently compelling in comparison to the value they believed was reasonably available to ZCL and Shareholders by ZCL continuing to execute the strategic plan presented by management to the ZCL Board on December 4, 2018 as an independent company.

On February 8, 2019, the ZCL Board unanimously approved this Circular and other documents relating to the Meeting.

Reasons For and Anticipated Benefits of the Arrangement

The ZCL Board believes the Arrangement is in the best interests of ZCL and its Securityholders for the following reasons:

- *Premium* – The Cash Consideration of \$10.00 per Common Share offered under the Arrangement represents a 46% premium to the 20-day volume weighted average trading price of the Common Shares on the TSX for the period ended January 18, 2019, the last trading day prior to the execution of the Arrangement Agreement by ZCL and Shawcor.

- *Valuation* – The Arrangement enterprise value represents an implied multiple of 12.5 times ZCL's reported Adjusted EBITDA² for the 12 months ending September 30, 2018.
- *Certainty of Value* – The Cash Consideration and Option Consideration, as applicable, paid under the Arrangement is in cash, providing certainty of value and an immediate opportunity for Securityholders to dispose of all of their Common Shares and Options at a premium.
- *No Financing Condition* – The Arrangement is not subject to a financing condition and Shawcor has represented that it will have, at the time of closing, sufficient funds to satisfy the aggregate Cash Consideration.
- *Process* – A thorough process to consider strategic alternatives was conducted by the ZCL Board, in consultation with its financial and legal advisors, and after careful consideration of various factors, including the Fairness Opinion, the ZCL Board has determined that the Arrangement is in the best interests of ZCL and is fair to Securityholders.
- *Fairness Opinion* – RJ provided the ZCL Board with the Fairness Opinion which states that, in the opinion of RJ, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and other matters set forth in the Fairness Opinion, the Cash Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.
- *Closing* – The ZCL Board believes that the Arrangement is likely to be completed in accordance with its terms within a reasonable time. It is currently anticipated that the Arrangement will be completed on or about April 2, 2019;
- *Continued Ability to Entertain a Superior Proposal* – The Arrangement does not preclude the ZCL Board from responding to an unsolicited offer that constitutes a Superior Proposal, subject to compliance with certain conditions of the Arrangement Agreement, including payment of the Termination Fee by ZCL to Shawcor.
- *Required Securityholder and Court Approvals* – The following rights and approvals protect the interests of Securityholders with respect to the Arrangement: (i) the Arrangement Resolution must be approved by the required Securityholder Approval; (ii) the Arrangement must be approved by the Court, which will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Arrangement to Shareholders; and (iii) Registered Shareholders have been granted Dissent Rights with respect to the Arrangement.

The foregoing summary of the information and factors considered by the ZCL Board is not intended to be exhaustive of the factors considered by it in reaching its conclusions and making its recommendations. In their evaluation of the Arrangement, individual ZCL Board members evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of ZCL, and based upon the advice of the ZCL Board's legal and financial advisors. In view of the numerous factors considered in connection with its evaluation of the Arrangement, the ZCL Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusions and recommendations. In addition, individual members of the ZCL Board may have given different weights to different factors. The conclusions and recommendations of the ZCL Board were made after considering all of the information and factors involved.

Fairness Opinion

The Special Committee initially retained RJ as its financial advisor through an engagement agreement dated September 25, 2017 in connection with its review of strategic alternatives. Pursuant to the engagement agreement, which was later extended on September 12, 2018 by the ZCL Board, RJ agreed to, among other things, deliver a fairness opinion to the

² Adjusted EBITDA is a financial measure that is not prepared in conformity with generally accepted accounting principles (GAAP) under International Financial Reporting Standards (IFRS). We refer to such measures as non-GAAP measures. These non-GAAP measures do not have standardized meanings under IFRS and are not necessarily comparable to similar measures provided by other companies. ZCL discloses these measures because it believes that they provide further information and assist readers in understanding the results of ZCL's operations and financial position. These measures should not be considered in isolation or used in substitution for other measures of performance prepared in accordance with GAAP. Please see ZCL's press release dated January 20, 2019 for the reconciliation to net income.

ZCL Board, as requested in connection with the Arrangement. At the meeting of the ZCL Board, held on January 20, 2019, RJ delivered a verbal opinion and subsequently confirmed in writing by the Fairness Opinion that, as of the date of the Fairness Opinion, and subject to the assumptions, limitations, qualifications and other matters contained therein, the Cash Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

RJ provided the Fairness Opinion for the sole benefit of the ZCL Board in connection with, and for the purpose of, its consideration of the Arrangement. The Fairness Opinion is not to be construed as a recommendation to any Securityholder to vote its Securities in favour of the Arrangement Resolution or as an opinion concerning the trading price or value of the Common Shares following the announcement or completion of the Arrangement. The Fairness Opinion was part of a number of factors taken into consideration by the ZCL Board in making its determinations in respect of the Arrangement described below and in authorizing the submission of the Arrangement Resolution to the Securityholders and Shareholders for approval.

The full text of the written Fairness Opinion, which sets forth, among other things, assumptions made, matters considered, information reviewed, and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Appendix "E" to this Circular. The summary of the Fairness Opinion in this Circular is qualified in its entirety by reference to the full text of the written Fairness Opinion attached as Appendix "E" to this Circular. **The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety.**

In consideration for its services, ZCL has agreed to pay to RJ a transaction fee upon closing of the Arrangement and a fixed fee for delivery of the Fairness Opinion, which fee is to be credited against the transaction fee earned by RJ in the event of a successful transaction. In addition, ZCL has agreed to reimburse RJ for its reasonable out-of-pocket expenses and to indemnify RJ and certain related persons in respect of certain losses, claims, damages and liabilities that may be incurred in connection with the Arrangement or its engagement.

Recommendation of the ZCL Board

At a meeting of the ZCL Board held on January 20, 2019, prior to entering into the Arrangement Agreement, the ZCL Board considered the Arrangement and in making its determination, the ZCL Board considered and relied upon a number of substantive factors, carefully considered all aspects of the Arrangement Agreement and the Arrangement, and considered a variety of uncertainties, risks and other potentially negative factors concerning the Arrangement and the Arrangement Agreement, which the majority of ZCL Board concluded were outweighed by the potential benefits of the Arrangement, although there can be no assurances in this regard. The ZCL Board did not assign any relative or specific weights to the foregoing factors which were considered, and individual members of the ZCL Board may have given differing weights to different factors.

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and other relevant factors considered by the ZCL Board, the majority of the ZCL Board has: (i) determined that the Arrangement is in the best interests of ZCL and is fair to the Securityholders after receiving legal and financial advice; (ii) approved the Arrangement, the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement; and (iii) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution.

Procedure for the Arrangement

The Arrangement

On January 20, 2019, ZCL and Shawcor entered into the Arrangement Agreement, pursuant to which Shawcor agreed to acquire all of the issued and outstanding Common Shares of ZCL. As of the date of the Arrangement Agreement, there were 30,559,648 Common Shares outstanding.

The Arrangement will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement involves a number of steps, including each of the steps set out below, which will commence at the Effective Time and will occur sequentially in 5-minute increments: The

Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, the following transactions will occur:

- (a) (i) Each Optionholder who has elected to exercise its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement and has paid to ZCL the applicable exercise price plus an amount equal to any applicable withholding tax or other source deductions shall, without any further action by or on behalf of such Optionholder, be issued the applicable number of Common Shares subject to such Option, and the registrar and transfer agent in respect of the Common Shares shall update ZCL's share register to reflect the Common Shares issued thereby; (ii) the Options held by each Optionholder who has elected to surrender its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement, along with every Option outstanding immediately prior to the Effective Time (whether vested or unvested) which is not expressly exercised or surrendered by an Optionholder by way of delivery and execution of an Option Exercise or Surrender Agreement, shall, without any further action by or on behalf of such Optionholder, be deemed to be transferred and surrendered by the applicable Optionholder to ZCL in exchange for a cash payment from ZCL for each Option so surrendered equal to the Option Consideration (less any applicable withholding tax or other source deductions); and (iii) each Option exercised or surrendered in accordance with section 2.3(a) [*Arrangement*] of the Plan of Arrangement, along with all option agreements related thereto, shall be cancelled and terminated and the applicable Optionholder shall thereafter only have the right to receive the consideration specified in Section 2.3 of the Plan of Arrangement (and, for greater certainty, ZCL, Shawcor or the payor shall be entitled to withhold or deduct any amount in accordance with Section 4.3 of the Plan of Arrangement).
- (b) Each PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, and without any further action by or on behalf of a holder of PSUs, be deemed to be vested and each holder of such PSU shall receive, for each PSU from the applicable employer entity a cash payment equal to the Cash Consideration (less any applicable withholding tax or other source deductions) and each such PSU shall immediately be cancelled and terminated.
- (c) Each of the Common Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be and shall be deemed, without any further act or formality, to be transferred to Shawcor (free and clear of all Liens) in consideration for a debt claim against Shawcor for an amount in cash determined under Article 3 [*Rights of Dissent*] of the Plan of Arrangement and: (i) such Dissenting Shareholders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid a cash amount equal to the fair value of such Common Shares as set out in section 3.1 [*Rights of Dissent*] of the Plan of Arrangement; (ii) such Dissenting Shareholders' names shall be removed as the holders of such Common Shares from the register of Common Shares maintained by or on behalf of ZCL; and (iii) Shawcor shall be deemed to be the transferee of such Common Shares free and clear of all Liens, and shall be entered in the register of Common Shares maintained by or on behalf of ZCL.
- (d) Each of the Common Shares outstanding immediately prior to the Effective Time (other than Common Shares held by a Dissenting Shareholder who has validly exercised such holder's Dissent Rights) and each of the Common Shares issued in connection with the exercise of Options pursuant to section 2.3(a)(i) [*Arrangement*] of the Plan of Arrangement shall, without any further action by or on behalf of a Shareholder, be deemed to be assigned and transferred by such Shareholder to Shawcor (free and clear of all Liens) and each Shareholder whose Common Shares are so transferred shall be entitled to receive from Shawcor, for each Common Share so transferred, the Cash Consideration, and: (i) such Shareholders shall cease to be holders of the Common Shares and to have any rights as holders of such Common Shares other than the right to be paid the Cash Consideration in accordance with the Plan of Arrangement; (ii) such Shareholders' names shall be removed from the register of the Common Shares maintained by or on behalf of ZCL; and (iii) Shawcor shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the register of the Common Shares maintained by or on behalf of ZCL.

- (e) All directors of ZCL holding DSUs shall resign from all offices or employment with ZCL and shall immediately cease to be an employee officer or director of ZCL or of any affiliate. As a result of the foregoing, in accordance with the Company Incentive Plan, each DSU shall, without any further action by or on behalf of such holder, be redeemed and each such holder shall receive from ZCL, for each DSU, a cash payment equal to the Cash Consideration (less any applicable withholding tax or other source deductions) and each such DSU shall immediately be cancelled and terminated.

The Plan of Arrangement is attached as Schedule "B" to the Arrangement Agreement and the Arrangement Agreement is attached to this Circular as Appendix "B". The Plan of Arrangement and the Arrangement Agreement should be read in their entirety.

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 192 of the CBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement Resolution must be approved by the Securityholders and the Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement, including the receipt of HSR Approval, must be satisfied or waived by the appropriate party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the CBCA must be filed with the Director.

There is no assurance that the conditions set forth in the Arrangement Agreement will be satisfied or waived on a timely basis, or at all, or that the Court will grant the Final Order approving the Arrangement.

EFFECT OF THE ARRANGEMENT

General

Effect of the Arrangement on Common Shares

Pursuant to the Plan of Arrangement, each of the Common Shares outstanding immediately prior to the Effective Time (other than Common Shares held by a Dissenting Shareholder who has validly exercised such holder's Dissent Rights) and each of the Common Shares issued in connection with the exercise of Options pursuant to section 2.3(a)(i) [Arrangement] of the Plan of Arrangement shall, without any further action by or on behalf of a Shareholder, be deemed to be assigned and transferred by such Shareholder to Shawcor (free and clear of all Liens) and each Shareholder whose Common Shares are so transferred shall be entitled to receive from Shawcor, for each Common Share so transferred, the Cash Consideration, and: (i) such Shareholders shall cease to be holders of the Common Shares and to have any rights as holders of such Common Shares other than the right to be paid the Cash Consideration in accordance with the Plan of Arrangement; (ii) such Shareholders' names shall be removed from the register of the Common Shares maintained by or on behalf of ZCL; and (iii) Shawcor shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the register of the Common Shares maintained by or on behalf of ZCL.

Each of the Common Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be and shall be deemed, without any further act or formality, to be transferred to Shawcor (free and clear of all Liens) in consideration for a debt claim against Shawcor for an amount in cash determined under Article 3 [Rights of Dissent] of the Plan of Arrangement and: (i) such Dissenting Shareholders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid a cash amount equal to the fair value of such Common Shares as set out in section 3.1 [Rights of Dissent] of the Plan of Arrangement; (ii) such Dissenting Shareholders' names shall be removed as the holders of such Common Shares from

the register of Common Shares maintained by or on behalf of ZCL; and (iii) Shawcor shall be deemed to be the transferee of such Common Shares free and clear of all Liens, and shall be entered in the register of Common Shares maintained by or on behalf of ZCL.

Effect of the Arrangement on Options

In connection with the Arrangement, the ZCL Board has approved the accelerated vesting of all outstanding Options immediately prior to the Effective Time. ZCL will seek to enter into Option Exercise or Surrender Agreements with the Optionholders, pursuant to which each Optionholder may elect to exercise or surrender its Options. At the times specified in the Plan of Arrangement: (i) each Optionholder who has elected to exercise its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement and has paid to ZCL the applicable exercise price plus an amount equal to any applicable withholding tax or other source deductions shall, without any further action by or on behalf of such Optionholder, be issued the applicable number of Common Shares subject to such Option, and the registrar and transfer agent in respect of the Common Shares shall update ZCL's share register to reflect the Common Shares issued thereby; (ii) the Options held by each Optionholder who has elected to surrender its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement, along with every Option outstanding immediately prior to the Effective Time (whether vested or unvested) which is not expressly exercised or surrendered by an Optionholder by way of delivery and execution of an Option Exercise or Surrender Agreement, shall, without any further action by or on behalf of such Optionholder, be deemed to be transferred and surrendered by the applicable Optionholder to ZCL in exchange for a cash payment from ZCL for each Option so surrendered equal to the Option Consideration (less any applicable withholding tax or other source deductions); and (iii) each Option exercised or surrendered in accordance with section 2.3(a) [Arrangement] of the Plan of Arrangement, along with all option agreements related thereto, shall be cancelled and terminated and the applicable Optionholder shall thereafter only have the right to receive the consideration specified in Section 2.3 of the Plan of Arrangement (and, for greater certainty, ZCL, Shawcor or the payor shall be entitled to withhold or deduct any amount in accordance with Section 4.3 of the Plan of Arrangement).

Effect of the Arrangement on PSUs

Each PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be vested and each holder of such PSU shall receive for each PSU from the applicable employer entity a cash payment equal to the Cash Consideration, and each such PSU shall be cancelled and terminated. See "*Interests of Certain Persons in the Arrangement*".

Effect of the Arrangement on DSUs

All directors of ZCL holding DSUs shall resign from all offices or employment with ZCL and shall immediately cease to be an employee officer or director of ZCL or of any affiliate and each DSU shall be redeemed pursuant to the Company Incentive Plan and each such holder shall receive for each DSU a cash payment equal to the Cash Consideration, and each such DSU shall be cancelled and terminated. See "*Interests of Certain Persons in the Arrangement*".

Details of the Agreement

The following is a summary of certain material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Plan of Arrangement which is attached as Schedule "B" to the Arrangement Agreement and the Arrangement Agreement which is attached as to this Circular as Appendix "B". Securityholders are urged to read the Plan of Arrangement and the Arrangement Agreement in their entirety.

Summary of the Arrangement

The Arrangement will be implemented by way of a court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The Arrangement involves a number of steps, including each of the steps outlined under the heading "*The Arrangement – Procedure for the Arrangement – The Arrangement*".

Material Terms of the Arrangement Agreement

Covenants, Representations and Warranties

The Arrangement Agreement contains certain customary representations and warranties of each of ZCL and Shawcor relating to, among other things, their respective organization, capitalization, operations, compliance with Laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of the applicable provisions, see Article 3 [*Representations and Warranties of the Company*] and Article 4 [*Representations and Warranties of Shawcor*] of the Arrangement Agreement.

In addition, pursuant to the Arrangement Agreement, ZCL and Shawcor are required to use reasonable commercial efforts to obtain the HSR Approval and to effect all necessary registrations, filings and submissions of information requested or required by Government Entities relating to the Arrangement in a timely manner.

Furthermore, ZCL has covenanted, among other things, until the earlier of the completion of the Arrangement or the termination of the Arrangement Agreement, to maintain its business and refrain from taking any action except in the ordinary course of business consistent with past practice. For the complete text of the applicable provisions, see Article 5 [*Covenants of the Parties*] of the Arrangement Agreement.

Mutual Conditions Precedent

The obligations of each of ZCL and Shawcor to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time or such other time specified, of each of the following conditions precedent:

- (a) the Interim Order shall have been obtained in form and on terms satisfactory to each of ZCL and Shawcor, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to each of ZCL and Shawcor, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved and adopted by the Securityholders and the Shareholders at the Meeting by not less than the requisite approval by the Securityholders and the Shareholders, in accordance with the Interim Order;
- (c) the Final Order shall have been obtained in form and on terms satisfactory to each of ZCL and Shawcor, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to each of ZCL and Shawcor, acting reasonably, on appeal or otherwise;
- (d) the Certificate of Arrangement shall have been issued by the Director and the Effective Date shall have occurred not later than the Outside Date;
- (e) the HSR Approval shall have been provided or obtained at or before the Effective Time;
- (f) no Governmental Entity having jurisdiction in the circumstances shall have enacted, issued, promulgated, applied for (or advised any of ZCL or Shawcor in writing that it has determined to make such application), enforced or entered any Law (whether temporary, preliminary or permanent) that restrains, enjoins or otherwise materially conditions or prohibits consummation of, or dissolves the Arrangement contemplated thereby; and
- (g) the Arrangement Agreement shall not have been terminated in accordance with its terms.

The foregoing conditions precedent are for the mutual benefit of each of ZCL and Shawcor and may only be waived, in whole or in part, by the mutual consent of each of ZCL and Shawcor in writing at any time in their sole discretion without prejudice to any other rights they may have.

Additional Conditions Precedent to the Obligations of Shawcor

The obligations of Shawcor to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment of each of the following conditions precedent:

- (a) all covenants of ZCL under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by ZCL in all material respects, and Shawcor shall have received a certificate of ZCL addressed to Shawcor and dated the Effective Time, signed on behalf of ZCL by two (2) directors or executive officers of ZCL (on behalf of ZCL and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of ZCL set forth in the Arrangement Agreement shall be true and correct as at the Effective Time, as though made on and as at such time (except that to the extent that any such representation and warranty expressly speaks as of a specific date, such representation and warranty shall be true and correct as at that specific date), except where the failure to be true and correct would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (it being understood that, for this purpose, any reference to "material", Material Adverse Effect or other concept of materiality in such representations or warranties shall be disregarded). Shawcor shall have received a certificate of ZCL addressed to Shawcor and dated the Effective Time, signed on behalf of ZCL by two (2) directors or executive officers of ZCL (on behalf of ZCL and without personal liability), confirming the same as at the Effective Time; and
- (c) there is no Legal Action (as such term is defined in the Arrangement Agreement) pending or threatened by any person (other than Shawcor), which has a reasonable likelihood of success, in any jurisdiction to:
 - (i) cease trade, enjoin, prohibit, or impose any material limitations, damages or conditions on, Shawcor's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;
 - (ii) prohibit or restrict the Arrangement, or the ownership or operation by Shawcor of the business or assets of Shawcor, ZCL or any of the Company Subsidiaries in any material respect, or compel Shawcor to dispose of or hold separate any material portion of the business or assets of Shawcor, ZCL or any of the Company Subsidiaries as a result of the Arrangement; or
 - (iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, which could reasonably be expected to have a Material Adverse Effect;
- (d) between the date of the Arrangement Agreement and the Effective Time, there shall not have been any Material Adverse Effect; and
- (e) Dissent Rights shall not have been validly exercised and not withdrawn with respect to more than 5% of the issued and outstanding Common Shares (excluding any Common Shares held by Shawcor or its affiliates).

The foregoing conditions precedent are for the exclusive benefit of Shawcor and may be waived, in whole or in part, by Shawcor in writing at any time in their sole discretion without prejudice to any other rights they may have.

Additional Conditions Precedent to the Obligations of ZCL

The obligations of ZCL to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the following conditions precedent:

- (a) all covenants of Shawcor under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by Shawcor in all material respects, and ZCL shall

have received a certificate of Shawcor, addressed to ZCL and dated the Effective Time, signed on behalf of Shawcor by two (2) directors or executive officers of Shawcor (on Shawcor's behalf and without personal liability), confirming the same as at the Effective Time;

- (b) the representations and warranties of Shawcor set forth in the Arrangement Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as at the Effective Time, as though made on and as of such time (except that to the extent that any such representation and warranty expressly speaks as of a specific date, such representation and warranty shall be true and correct as at that specific date), except where the failure to be true and correct would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Shawcor's ability to consummate the transactions contemplated by the Arrangement Agreement. ZCL shall have received a certificate of Shawcor, addressed to ZCL and dated the Effective Time, signed on behalf of Shawcor by two (2) directors or executive officers of Shawcor (on Shawcor's behalf and without personal liability), confirming the same as at the Effective Time; and
- (c) Shawcor shall have deposited or caused to be deposited in escrow with the Depositary at or prior to the Effective Time, the Cash Consideration payable to Shareholders and ZCL shall have received written confirmation of the receipt of such funds by the Depositary.

The foregoing conditions precedent are for the exclusive benefit of ZCL and may be waived, in whole or in part, by ZCL in writing at any time in its sole discretion without prejudice to any other rights it may have.

Non-Solicitation

Pursuant to section 7.2 [*Non-Solicitation*] of the Arrangement Agreement, ZCL has agreed to certain non-solicitation covenants in favour of Shawcor as follows:

- (a) ZCL shall, and shall cause the Company Subsidiaries, and their respective officers, directors, Company Employees, representatives and agents to, immediately cease and terminate, or cause to be terminated, any existing solicitations, encouragements, discussions, negotiations or other activities commenced prior to the date of the Arrangement Agreement with any person (other than Shawcor) relating to any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal.
- (b) In connection with section 7.2(a) [*Non-Solicitation*] of the Arrangement Agreement, ZCL shall: (i) immediately discontinue access and disclosure of all information, including any data room, any confidential information, properties, facilities, books and records of ZCL or any Company Subsidiary relating to any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal; and (ii) promptly request and use its reasonable commercial efforts to require: (A) the return or destruction of all information provided to any person other than Shawcor; and (B) the destruction of all material including or incorporating or otherwise reflecting such information; in each case to the extent provided to any third party (or to its officers, directors, employees, representatives or agents) that has entered into a confidentiality agreement with ZCL relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed; and shall use its reasonable commercial efforts to ensure that such requests are fully complied with.
- (c) ZCL covenants and agrees: (i) that it shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which it or any of the Company Subsidiaries is a party to the fullest extent permitted under Applicable Law, including by obtaining injunctions to prevent any breaches of such agreements and to enforce specifically the terms and provisions thereof; and (ii) that neither it, nor any of the Company Subsidiaries, nor any of their respective officers, directors, Company Employees, representatives or agents have released or shall, without the prior written consent of Shawcor (which may be withheld or delayed in Shawcor's sole and absolute discretion), release any

person from, or terminate, waive, amend, suspend or otherwise modify such person's obligations respecting ZCL or any of the Company Subsidiaries under any confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which ZCL or any of the Company Subsidiaries is a party, except to the extent any such obligations terminate according to their terms without any amendments thereto.

- (d) Except as expressly provided in section 7.2 [*Non-Solicitation*] of the Arrangement Agreement, ZCL shall not, directly or indirectly, through any officer, director, Company Employee, consultant, investment banker, lawyer, accountant or other representative (including any financial or other advisor) or agent of ZCL or any of the Company Subsidiaries, or otherwise:
 - (i) solicit, assist, initiate, or knowingly facilitate or encourage (including by way of furnishing or providing copies of, access to, or disclosure of any information or permitting any visit to any properties, facilities, books or records or entering into any agreement, arrangement or understanding) any inquiries, proposals or offers that constitute or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any person regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (iii) withdraw, amend, modify or qualify, or propose publicly or state an intention to withdraw, amend, modify or qualify, or fail to publicly reaffirm, the approval of the ZCL Board or any committee thereof of the Arrangement Agreement, the Arrangement or the transactions contemplated thereby or the recommendation of the ZCL Board that the Securityholders vote in favour of the Arrangement;
 - (iv) furnish or provide access to any information or data concerning ZCL, the Company Subsidiaries or their respective businesses, properties or assets to any person in connection with any proposals or offers that constitute, or that could reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (v) accept, approve, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, or take no position or a neutral position on behalf of the Company with respect to any publicly announced or publicly proposed Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five (5) Business Days following the public disclosure of such Acquisition Proposal will not be considered to be in violation of section 7.2 [*Non-Solicitation*] of the Arrangement Agreement, provided the ZCL Board has rejected such Acquisition Proposal and affirmed the ZCL Board's approval of the Arrangement Agreement, the Arrangement and the transactions contemplated thereby and the recommendation of the ZCL Board that the Securityholders vote in favour of the Arrangement before the end of such five (5) Business Day period); or
 - (vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, memorandum of understanding, agreement in principle or other agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by section 7.2(e)(iv) of the Arrangement Agreement).
- (e) Notwithstanding the above, or any other provision of the Arrangement Agreement, if at any time prior to obtaining Securityholder Approval of the Arrangement Resolution, ZCL receives a written Acquisition Proposal, ZCL shall be permitted to enter into or participate in any discussions or negotiations with such third party in response to such Acquisition Proposal and may provide copies of, or access to or disclosure of information, properties, facilities, books or records of ZCL if and only if:

- (i) the ZCL Board first determines in good faith, after consultation with its outside legal counsel, that based on the information then available and after consultation with RJ, such Acquisition Proposal constitutes, or would reasonably be expected to constitute or lead to, a Superior Proposal, and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
- (ii) such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar agreement, restriction or covenant with ZCL;
- (iii) ZCL has been, and continues to be, in compliance with its obligations under section 7.2 [*Non-Solicitation*] of the Arrangement Agreement;
- (iv) prior to providing any such copies, access or disclosure, ZCL enters into a confidentiality and standstill agreement with such person with terms at least as restrictive in all material respects on such person as the Confidentiality Agreement and any such copies, access or disclosure provided to such person shall have already been (or simultaneously be) provided to Shawcor; and
- (v) ZCL provides Shawcor with:
 - A. two (2) Business Days prior written notice stating the intention of ZCL to participate in such discussions or negotiations and to provide such copies, access or disclosure and that the ZCL Board has determined that failure to take such action would be inconsistent with its fiduciary duties; and
 - B. prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality agreement referred to above.
- (f) ZCL shall promptly notify Shawcor, at first orally and then within 48 hours in writing, of any proposal, inquiry, offer or request relating to, or constituting an Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to ZCL in connection with an Acquisition Proposal or for access to the properties, facilities, books or records of ZCL or any of the Company Subsidiaries by any person that informs ZCL that it is considering making, or has made, an Acquisition Proposal and any amendment thereto. If in writing or electronic form, ZCL shall provide a copy thereof to Shawcor, and if not in writing or electronic form, ZCL shall provide to Shawcor a description of the terms and conditions of any such Acquisition Proposal or proposal, inquiry, offer or request and shall further provide the identity of the person making any such Acquisition Proposal or proposal, inquiry, offer or request. ZCL shall keep Shawcor fully informed of the status of, developments to and any change in the terms of any such Acquisition Proposal or proposal, inquiry, offer or request. ZCL shall provide to Shawcor copies of all correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the terms of such correspondence sent to ZCL by or on behalf of any person making any such Acquisition Proposal.
- (g) If ZCL receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Securityholder Approval of the Arrangement Resolution, the ZCL Board may, subject to compliance with section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement, accept, approve or recommend such Acquisition Proposal, or enter into a definitive agreement with respect to such Superior Proposal, if and only if:
 - (i) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar agreement, restriction or covenant;
 - (ii) ZCL has been, and continues to be, in compliance with all of its obligations under section 7.2 [*Non-Solicitation*] of the Arrangement Agreement;

- (iii) ZCL has provided Shawcor with written notice of the determination of the ZCL Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the ZCL Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the ZCL Board regarding the value and financial terms that the ZCL Board, in consultation with its financial advisor(s), has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");
 - (iv) ZCL has provided Shawcor with a copy of the proposed definitive agreement for the Superior Proposal and all material supporting materials;
 - (v) at least five (5) Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which Shawcor received the Superior Proposal Notice and the date on which Shawcor received all of the materials set forth above;
 - (vi) during any Matching Period, Shawcor has had the opportunity (but not the obligation) in accordance with the above, to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (vii) after the expiry of the Matching Period, the ZCL Board has determined in good faith, after consultation with its outside legal counsel and its financial advisor(s), that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by Shawcor);
 - (viii) the ZCL Board has determined in good faith, after consultation with its outside legal counsel that the failure to take such action would be reasonably likely to result in a breach of its fiduciary duties;
 - (ix) ZCL concurrently terminates the Arrangement Agreement pursuant to section 8.2(d)(ii) [*Termination*] of the Arrangement Agreement; and
 - (x) ZCL has previously, or concurrently shall have, paid to or as directed by Shawcor the Termination Fee.
- (h) During the Matching Period, or such longer period as ZCL may approve in writing for such purpose:
- (i) the ZCL Board shall review any offer made by Shawcor to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) ZCL shall negotiate in good faith with Shawcor to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable Shawcor to proceed with the transactions contemplated thereby on such amended terms. If the ZCL Board determines that such Acquisition Proposal would cease to be a Superior Proposal, ZCL shall promptly so advise Shawcor and ZCL and Shawcor shall amend the Arrangement Agreement to reflect such offer made by Shawcor, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (i) The ZCL Board shall promptly reaffirm its recommendation of the Arrangement by news release after any Acquisition Proposal is publicly announced or made if: (i) the ZCL Board determines that such Acquisition Proposal is not a Superior Proposal; or (ii) the ZCL Board determines that a *bona fide* proposal to amend the terms of the Arrangement would result in such Acquisition Proposal not being a Superior Proposal. Shawcor and its counsel and other advisors shall be given a reasonable opportunity by ZCL to review and comment on the form and content of any such news release and shall make all reasonable amendments to such news release as requested by Shawcor or its counsel.
- (j) Each successive amendment or modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of section 7.2 [*Non-Solicitation*] of the Arrangement Agreement

and Shawcor shall be afforded a new Matching Period from the later of the date on which Shawcor received the Superior Proposal Notice and the date on which Shawcor received all of the materials set forth in section 7.2(g)(iv) [*Non-Solicitation*] of the Arrangement Agreement with respect to the new Superior Proposal from ZCL.

- (k) Nothing contained in the Arrangement Agreement shall prevent the ZCL Board from complying with section 2.17 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of directors' circular and making appropriate disclosure to its Securityholders.
- (l) Without limiting the generality of the foregoing, ZCL shall advise the Company Subsidiaries and their respective officers, directors, agents and representatives of the prohibitions set out in section 7.2 [*Non-Solicitation*] of the Arrangement Agreement, and any material violation of the restrictions set forth in section 7.2 [*Non-Solicitation*] of the Arrangement Agreement by ZCL, the Company Subsidiaries or their respective officers, directors, agents or representatives is deemed to be a breach of section 7.2 [*Non-Solicitation*] of the Arrangement Agreement by ZCL.

Termination Fee and Expense Reimbursement

The Arrangement Agreement contemplates the following Termination Fee:

- (a) In consideration for the disposition of its rights under the Arrangement Agreement, ZCL shall pay, or cause to be paid, to Shawcor (or to such affiliate of Shawcor as it may direct in writing) by wire transfer of immediately available funds an amount equal to the Termination Fee if:
 - (i) Shawcor shall have terminated the Arrangement Agreement pursuant to section 8.2(c)(i) [*Termination for Certain Board Actions*] or section 8.2(c)(iii) [*Termination for Breach of Non-Solicit*] of the Arrangement Agreement, in which case payment shall be made within two (2) Business Days of such termination;
 - (ii) ZCL shall have terminated the Arrangement Agreement pursuant to section 8.2(d)(ii) [*Termination for Superior Proposal*] of the Arrangement Agreement, in which case payment shall be made prior to or simultaneously with such termination; or
 - (iii) ZCL or Shawcor shall have terminated the Arrangement Agreement pursuant to section 8.2(b)(i) [*Effective Time not Prior to Outside Date*] or section 8.2(b)(ii) [*Failure of Company Securityholders to Approve*] of the Arrangement Agreement, or Shawcor shall have terminated the Arrangement Agreement pursuant to section 8.2(c)(ii) [*Termination by Shawcor*] of the Arrangement Agreement, if: after the date of the Arrangement Agreement, but prior to such termination of the Arrangement Agreement: (A) an Acquisition Proposal shall have been publicly announced or a person shall have publicly announced an intention to do so; (B) the Securityholders' vote shall have been held prior to the Outside Date, while any Acquisition Proposal remains outstanding or would be reasonably likely to recur should the Arrangement Agreement be terminated and the Arrangement Resolution shall not have been approved pursuant thereto; and (C) within twelve months after the date of the termination of the Arrangement Agreement, any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) is consummated by ZCL, in which case payment shall be made on the date on which such Acquisition Proposal is consummated (subject to section 7.3(c) of the Arrangement Agreement).
- (b) ZCL shall reimburse Shawcor, or cause Shawcor to be reimbursed, for all documented out-of-pocket fees, costs and expenses incurred by Shawcor in connection with the Arrangement Agreement and the Arrangement, by wire transfer of immediately available funds, in an amount not to exceed the Expense Reimbursement Amount if either ZCL or Shawcor shall have terminated the Arrangement Agreement pursuant to section 8.2(b)(ii) [*Termination for Failure to Obtain Shareholders' Vote*] of

the Arrangement Agreement, in which case payment shall be made within two (2) Business Days of such termination. Any such fee shall be credited against any fee payable pursuant to section 7.3(a)(iii) of the Arrangement Agreement.

- (c) ZCL shall only be obligated to pay the Termination Fee or the Expense Reimbursement Amount once pursuant to section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement. In no event shall ZCL be obligated to pay both the Termination Fee and the Expense Reimbursement Amount, provided that if ZCL pays the Expense Reimbursement Amount, and subsequent to the termination of the Arrangement Agreement, a Termination Fee is payable, then the Termination Fee (less the amount of the Expense Reimbursement Amount paid to Shawcor, which shall be credited against the Termination Fee) shall be payable to Shawcor.
- (d) Section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement shall survive termination of the Arrangement Agreement.

Termination of the Arrangement Agreement

Each of ZCL and Shawcor have agreed that, pursuant to section 8.2 [*Termination*] of the Arrangement Agreement, the Arrangement Agreement may be terminated at any time prior to the Effective Time in the following circumstances:

- (a) Termination by Mutual Consent. The Arrangement Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of Shawcor and ZCL.
- (b) Termination by any party. The Arrangement Agreement may be terminated by either Shawcor or ZCL at any time prior to the Effective Time:
 - (i) if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any party whose failure to fulfill any of its obligations in the Arrangement Agreement or breach of its representations and warranties has been the cause of, or resulted in, the failure of the Effective Time to occur by such date; or
 - (ii) if the Arrangement Resolution is not approved by the Securityholders' vote at the Meeting (or any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) Termination by Shawcor. The Arrangement Agreement may be terminated by Shawcor at any time prior to the Effective Time:
 - (i) if:
 - A. the ZCL Board shall have failed in this Circular to publicly recommend the Arrangement Agreement or the Arrangement in the manner contemplated by section 2.6 [*The Company Circular*] of the Arrangement Agreement;
 - B. the ZCL Board or any committee thereof shall have withdrawn, withheld or qualified, amended or modified, its approval or recommendation of the Arrangement, or the ZCL Board or any committee thereof or publicly announces its intention to do, or that it has done, any of the foregoing;
 - C. the ZCL Board or any committee of the ZCL Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal, or the ZCL Board fails to recommend against acceptance of a publicly announced or commenced Acquisition Proposal within five (5) Business Days after Shawcor requests in writing that it do so;

- D. the ZCL Board or any committee of the ZCL Board accepts or enters into, or publicly proposes to accept or enter into, any agreement (other than a confidentiality agreement permitted by and in accordance with section 7.2 [*Non-Solicitation*] of the Arrangement Agreement), understanding or arrangement in respect of an Acquisition Proposal; or
 - E. the ZCL Board or any committee thereof fails to publicly reaffirm its recommendation of the Arrangement Agreement and the Arrangement within five (5) Business Days after the announcement or commencement of any Acquisition Proposal or within five (5) Business Days after having been requested to do so by Shawcor; or
 - F. the ZCL Board or any committee of the ZCL Board resolves or proposes to take any of the foregoing actions;
- (ii) subject to section 7.1 [*Notice and Cure Provisions*] of the Arrangement Agreement, if Shawcor is not then in breach of the Arrangement Agreement and ZCL breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach or breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in section 6.1 [*Mutual Conditions Precedent*] or section 6.2 [*Additional Conditions Precedent to the Obligations of Shawcor*] of the Arrangement Agreement;
 - (iii) ZCL willfully breaches section 7.2 [*Non-Solicitation*] of the Arrangement Agreement; or
 - (iv) if all of the conditions to the completion of the Arrangement for the benefit of Shawcor have not been satisfied or waived on or prior to the date specified for such conditions to be satisfied or, in the absence of any such date, on or prior to the Outside Date, other than as a result of a breach of the Arrangement Agreement by Shawcor.
- (d) Termination By the Company. The Arrangement Agreement may be terminated by ZCL at any time prior to the Effective Time if:
- (i) subject to section 7.1 [*Notice and Cure Provisions*] of the Arrangement Agreement, ZCL is not in breach of any of its obligations under the Arrangement Agreement and Shawcor breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in section 6.1 [*Mutual Conditions Precedent*] or section 6.3 [*Additional Conditions Precedent to the Obligations of the Company*] of the Arrangement Agreement;
 - (ii) before the Securityholders have approved the Arrangement Resolution, the ZCL Board authorizes ZCL or any Company Subsidiary to enter into, or ZCL or any Company Subsidiary enters into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of section 7.2(g) [*Non-Solicitation*] of the Arrangement Agreement, provided that ZCL has previously paid or concurrently pays to Shawcor the Termination Fee in accordance with section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement; or
 - (iii) if all of the conditions to the completion of the Arrangement for the benefit of ZCL have not been satisfied or waived on or prior to the date specified for such conditions to be satisfied or, in the absence of any such date, on or prior to the Outside Date, other than as a result of a breach of the Arrangement Agreement by ZCL.

If the Arrangement Agreement is terminated in accordance with the foregoing provisions, the Arrangement Agreement shall become void and of no further force or effect and neither ZCL nor Shawcor shall have any further obligations or

liability thereunder except as provided in section 5.2(i) [*Covenants of the Company Regarding Arrangement*], section 7.3 [*Termination Fee and Expense Reimbursement*], section 7.4 [*Liquidated Damages*], section 7.5 [*Fees and Expenses*], section 7.7 [*Privacy Matters*], section 9.2 [*Governing Law*], section 9.3 [*Equitable Remedies*], section 9.7 [*No Third Party Beneficiaries*] and section 8.2(e) [*Effect of Termination*] of the Arrangement Agreement and as otherwise expressly contemplated by the Arrangement Agreement.

Liquidated Damages

ZCL and Shawcor each acknowledge that the payment of the Termination Fee set forth in section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement is the payment of liquidated damages that is a genuine pre-estimate of the damages Shawcor will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and the Termination Fee represents consideration for Shawcor's disposition of its rights under the Arrangement Agreement. ZCL irrevocably waives any right it may have to raise as a defense that any such liquidated damages are excessive or punitive. For greater certainty, Shawcor agrees that the right of Shawcor to receive payment of the amount determined pursuant to section 7.3 [*Termination Fee and Expense Reimbursement*] of the Arrangement Agreement in the manner provided therein is the sole and exclusive remedy of Shawcor in respect of the event giving rise to such payment. Nothing contained in the Arrangement Agreement shall prohibit or limit Shawcor from seeking injunctive or other equitable relief prior to the valid termination of the Arrangement Agreement, except as expressly provided therein.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

The Arrangement is proposed to be carried out pursuant to section 192 of the CBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement Resolution must be approved by the Securityholders and the Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement, including the receipt of HSR Approval, must be satisfied or waived by the appropriate party; and
- (d) the Final Order and Articles of Arrangement in the form prescribed by the CBCA must be filed with the Director.

There is no assurance that the conditions set forth in the Arrangement Agreement will be satisfied or waived on a timely basis, or at all, or that the Court will grant the Final Order approving the Arrangement.

Securityholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further Court order, be approved by:

- (a) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and
- (b) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

In addition, pursuant to and in accordance with the policies of the TSX, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

See "*Procedure for the Arrangement to Become Effective – Canadian Securities Law Matters –MI 61-101*".

It is a condition to the completion of the Arrangement that the Arrangement Resolution be approved at the Meeting. See the full text of the Arrangement Resolution attached to this Circular as Appendix "A".

Court Approval

Interim Order

On February 13, 2019, ZCL obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached to this Circular as Appendix "C".

Final Order

The Arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, following the approval of the Arrangement Resolution by Securityholders, ZCL will make an application to the Court for the Final Order. An application for the Final Order approving the Arrangement is expected to be made on March 29, 2019 at 2:00 p.m. (Calgary time) at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. The Notice of Originating Application for the Final Order accompanies this Circular. At the application, the Court will be requested to consider, among other things, the fairness of the Arrangement.

In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will be given to those who have filed and delivered an appearance in accordance with the Interim Order. Any Securityholder or other interested party desiring to appear and make submissions at the application for the Final Order is required to file with the Court and serve upon ZCL, on or before 5:00 p.m. (Calgary time) on March 21, 2019 (or the Business Day that is five (5) Business Days prior to the date of the Meeting if it is not held on March 26, 2019), a notice of intention to appear setting out the address for service of such interested party (or alternatively, an email address for service by electronic mail) and indicating whether such interested party intends to support or oppose or make submissions at the application, together with a summary of the position such interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court.

ZCL has been advised by its counsel that the Court has broad discretion under the CBCA when making the Final Order with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Securityholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either ZCL or Shawcor may, subject to the terms of the Arrangement Agreement, determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to either ZCL or Shawcor, as the case may be.

Assuming that the Final Order is granted and the other conditions in the Arrangement Agreement are satisfied or waived, the Articles of Arrangement will be filed with the Director under the CBCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered.

Regulatory Matters

HSR Approval

Under the HSR Act, certain transactions exceeding prescribed thresholds may not be completed until each party has filed a notification and report form with the antitrust division of the DOJ and with the FTC and applicable waiting period requirements have been satisfied. The Arrangement exceeds the prescribed thresholds and therefore is subject to the notification and applicable waiting period requirements of the HSR Act. The completion of the Arrangement is subject to a number of conditions, including, among other things, receipt of the HSR Approval. On February 11, 2019, the FTC granted early termination of the applicable waiting period and, accordingly, Shawcor and ZCL have obtained the HSR Approval.

Stock Exchange Delisting

Following the Effective Date, it is the general practice of the TSX to delist shares approximately two (2) to three (3) business days following the receipt of the required documentation.

The Common Shares are currently listed on the TSX. ZCL expects the Common Shares to be delisted from the TSX following the Effective Date. Following the Effective Date, ZCL will also seek to be deemed to have ceased to be a reporting issuer under the securities legislation of each of the provinces in Canada under which it is currently a reporting issuer. As a result, ZCL will no longer be subject to the ongoing disclosure and other obligations currently imposed upon it under such legislation.

Canadian Securities Law Matters

MI 61-101

ZCL is a reporting issuer or equivalent in British Columbia, Alberta, Ontario and Quebec and is therefore subject to the provisions of MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties and, in certain instances, independent valuations and approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of securityholders without their consent.

Unless certain exemptions apply, the Arrangement may be considered a "business combination" in respect of ZCL pursuant to MI 61-101 since the interest of a holder of Common Shares may be terminated without the holder's consent. The Arrangement would be considered a "business combination" and subject to minority approval requirements pursuant to MI 61-101, unless no "related party" (as defined in MI 61-101) of ZCL is entitled to receive, directly or indirectly, a "collateral benefit" (as defined in MI 61-101) in connection with the Arrangement. A "collateral benefit" (as defined under MI 61-101) includes any benefit that a "related party" of ZCL is entitled to receive as a consequence of the Arrangement, including, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of ZCL, but does not include a benefit received solely in connection with the "related party's" services as an employee, director or consultant of the issuer if certain conditions are met, including that the full particulars of the benefit are disclosed and at the time the transaction is agreed to, the "related party" and its associated entities beneficially own or exercise control over less than 1% of the outstanding securities of each class of securities of the issuer. No "related party" is receiving a "collateral benefit" as a consequence of this Arrangement, as further detailed below, and therefore the Arrangement is not a "business combination", as such terms are defined in MI 61-101.

If "minority approval" (as defined in MI 61-101) were required, MI 61-101 would require that, in addition to the approval of the Arrangement Resolution by not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy, the Arrangement would also require the approval of a simple majority of the votes cast by Shareholders, excluding votes cast in respect of Common Shares held by "related parties" who receive a "collateral benefit" (as such terms are defined in MI 61-101) as a consequence of the Arrangement.

As referenced above, the "minority approval" requirements of MI 61-101 do not apply to certain transactions in which a "related party" beneficially owns, or exercises control or direction over, less than 1% of an issuer's outstanding equity securities provided the benefit is disclosed in the disclosure documents for the transaction and additionally does not apply to certain transactions in which an independent committee of directors, has determined, acting in good faith, that the value of the benefits received by a related party, net of any offsetting costs to the related party, is less than 5% of the value the related party expects to receive pursuant to the transaction in exchange for equity securities, provided the independent committee's determination is disclosed in the disclosure document for the transaction.

Certain directors and executive officers of ZCL may receive a benefit as a result of the Arrangement in connection with the accelerated vesting of securities under the Stock Option Plan and/or Company Incentive Plan, including Options, RSUs and PSUs previously granted to such directors and executive officers in connection with their employment with ZCL. As of the date hereof, there are no RSUs issued and outstanding. However, it is anticipated that all of the directors

and executive officers of ZCL shall enter into Option Exercise or Surrender Agreements pursuant to which they shall agree to surrender, effective immediately before the Effective Time all Options for cancellation for the Option Consideration. Any Options, together with all PSUs and DSUs held by the directors and executive officers of ZCL that are outstanding at the Effective Time shall be cancelled under the Arrangement for either the Option Consideration or the Cash Consideration. See "*Interests of Certain Persons in the Arrangement – Security Ownership*" and "*Effect of the Arrangement – General*". Further to the benefits that may be derived as a result of the accelerated vesting of securities under the Stock Option Plan and/or Company Incentive Plan, some employment agreements with certain senior officers provide that, if such senior officer's employment is terminated within a specific period of time in connection with a "change of control" of ZCL, such individuals would be entitled to receive a termination payment. See "*Interests of Certain Persons in the Arrangement – Employment Agreements*". In addition, ZCL has agreed to implement a retention bonus program, pursuant to which Edward Redmond and Katherine Demuth, ZCL's Chief Executive Officer and Chief Financial Officer, respectively, are entitled to payments in the aggregate amount of \$175,000. Certain senior officers, and other employees, will also be entitled to bonuses under the retention bonus program. The amounts payable under the retention bonus program are in addition to any vested Options, RSUs, PSUs or bonus earning payouts. See "*Interests of Certain Persons in the Arrangement – Retention Bonus Program*". The accelerated vesting of securities under the Stock Option Plan and/or Company Incentive Plan, together with the receipt of termination payments pursuant to the employment agreements or a bonus earn-out pursuant to the retention bonus program, may be considered a "collateral benefit".

To the knowledge of the directors and senior officers of ZCL, as of January 20, 2019 (the date that the Arrangement Agreement was entered into), none of the directors and executive officers of ZCL who beneficially own, or exercise control or direction over, 1% or more of the outstanding Common Shares (calculated in accordance with the provisions of MI 61-101) are receiving a "collateral benefit" in connection with the Arrangement. Accordingly, "minority approval" is not required for the Arrangement Resolution.

TIMING

Closing of the Arrangement will occur on the date on which the Articles of Arrangement is filed with the Director. As soon as is reasonably practicable, but in no event later than the third Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions set forth in Article 6 [*Conditions*] of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as at the Closing Date), and unless another time or date is agreed to in writing by ZCL and Shawcor, ZCL shall send to the Director the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement and the Director shall then issue the Certificate of Arrangement giving effect to the Arrangement. Notwithstanding any of the foregoing, in no event shall the Closing Date be earlier than April 2, 2019.

If the Meeting is held as scheduled and is not adjourned or postponed, ZCL expects to apply for the Final Order approving the Arrangement on March 29, 2019. If the Final Order is obtained on March 29, 2019, in form and substance satisfactory to each of ZCL and Shawcor, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, ZCL and Shawcor expect the Effective Date to be on or about April 2, 2019.

It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be earlier than anticipated or could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to obtain HSR Approval in the time frames anticipated. See "*Timing*".

DISSENTING SHAREHOLDER RIGHTS

If you are a Registered Shareholder, you are entitled to dissent from the Arrangement Resolution in the manner provided by the Interim Order.

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the "fair value" of such Dissenting Shareholder's Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order which is attached to this Circular as Appendix "C" and the full text of section 190 of the CBCA which is attached to this Circular as

Appendix "D". A Registered Shareholder who intends to exercise Dissent Rights should carefully consider and strictly comply with the provisions of section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of the Plan of Arrangement, the Interim Order and section 190 of the CBCA, which are attached as Schedule "B" to Appendix "B", Appendix "C" and Appendix "D", respectively, may result in the loss of all rights thereunder. It is suggested that Shareholders wishing to avail themselves of their rights under those provisions seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, a Registered Shareholder who fully complies with the dissent procedures in section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, is entitled, upon the Arrangement becoming effective, in addition to any other rights he or she may have, to dissent and to be paid by Shawcor the fair value of the Common Shares held by such Dissenting Shareholder in respect of which he or she dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is adopted.

Beneficial owners of Common Shares who wish to dissent should be aware that only the registered owner of such Common Shares is entitled to dissent. Accordingly, a Shareholder that is a Beneficial Shareholder desiring to exercise its Dissent Rights must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by ZCL or, alternatively, make arrangements for the registered holder of such holder's Common Shares to dissent on his behalf.

A Registered Shareholder who wishes to exercise his, her or its rights of dissent with respect to the Arrangement must send to ZCL a written objection to the Arrangement Resolution, which written objection must be received by ZCL c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Justin R. Lambert / David Spencer by no later than 5:00 p.m. (Calgary time) on March 22, 2019 or by 5:00 p.m. (Calgary time) on the day that is two (2) Business Days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be, and must otherwise strictly comply with the dissent procedures described in this Circular.

An application may be made to the Court by Shawcor or by a Dissenting Shareholder to fix the fair value of the Dissenting Shareholder's Common Shares. If such an application to the Court is made by either Shawcor or a Dissenting Shareholder, Shawcor must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay him, her or it an amount considered by the ZCL Board to be the fair value of the Common Shares formerly held by such Dissenting Shareholder. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least ten (10) days before the date on which the application is returnable, if Shawcor is the applicant, or within 10 days after ZCL is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer must be made on the same terms to each Dissenting Shareholder and must be accompanied by a statement showing how the fair value was determined.

In such circumstances, a Dissenting Shareholder may make an agreement with Shawcor for the purchase of such holder's Common Shares for an agreed upon amount, at any time before the Court pronounces an order fixing the fair value of the applicable Common Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Court will make an order fixing the fair value of the Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount in favour of each of those Dissenting Shareholders, and fixing the time within which Shawcor must pay that amount to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a shareholder under the CBCA until the date of payment.

Shawcor shall not make a payment to a Dissenting Shareholder under section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, if there are reasonable grounds for believing that Shawcor is or would after

the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Shawcor would thereby be less than the aggregate of its liabilities. In such event, Shawcor shall notify each Dissenting Shareholder that it is unable lawfully to pay such Dissenting Shareholder for its Common Shares, in which case the Dissenting Shareholder may, by written notice to Shawcor within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement as a Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Shawcor to be paid as soon as Shawcor is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Shawcor but in priority to its shareholders.

After the Effective Date, or upon the making of an agreement between Shawcor and the Dissenting Shareholder as to the payment to be made by Shawcor to the Dissenting Shareholder, or upon the pronouncement of a court order, whichever first occurs, the Dissenting Shareholder ceases to have any rights as a Shareholder other than the right to be paid the fair value of the Common Shares held by such Dissenting Shareholder in the amount agreed to between Shawcor and the Dissenting Shareholder or in the amount of the judgement, except where: (i) the Dissenting Shareholder withdraws such Dissenting Shareholder's demand for payment; or (ii) the Arrangement Resolution is terminated, in which case such Dissenting Shareholder's rights as a Shareholder will be reinstated as of the date on which such Dissenting Shareholder sent the demand for payment. In either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Dissenting Shareholders who duly exercise Dissent Rights and who are ultimately entitled to be paid fair value for their Common Shares will be deemed to have transferred their Common Shares as of the Effective Time and without any further authorization, act or formality and free and clear of all Liens, charges, claims and encumbrances, to Shawcor under the Arrangement.

In the event that a Dissenting Shareholder fails to perfect or effectively withdraws a claim under section 190 of the CBCA or forfeits the right to make a claim under that section or such Dissenting Shareholder's rights as a Shareholder are otherwise reinstated, such Dissenting Shareholder's Common Shares will thereupon be deemed to have been transferred to Shawcor at the same time as all other Common Shares are acquired by Shawcor under the Arrangement on the same basis as a non-dissenting holder of Common Shares, notwithstanding the provisions of section 190 of the CBCA.

Unless waived by Shawcor, it is a condition to the obligations of Shawcor to complete the Arrangement that Dissent Rights shall not have been exercised by the holders of more than 5% of the outstanding Common Shares.

The above is only a summary, is qualified in its entirety by reference to the complete text of section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, and does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Common Shares. It is suggested that Shareholders wishing to avail themselves of their rights under those provisions seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent. For a general summary of certain Canadian federal income tax consequences to Dissenting Shareholders, see "*Certain Canadian Federal Income Tax Considerations*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of a Common Share who disposes of, or is deemed to have disposed of, a Common Share pursuant to the Arrangement and who, for purposes of the Tax Act and at all relevant times, (a) deals at arm's length with and is not affiliated with ZCL or Shawcor, and (b) holds all Common Shares as capital property (each, a "**Holder**").

A Common Share will generally be considered to be capital property to a holder thereof for purposes of the Tax Act provided that the holder does not use or hold such share in the course of carrying on a business of trading or dealing in securities and has not acquired such share in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (a) that is a "financial institution" for purposes of the mark-to-market rules; (b) that is a "specified financial institution"; (c) that is a partnership; (d) that has an interest which is a "tax shelter" or

a "tax shelter investment"; (e) that has elected to determine its Canadian tax results in a foreign currency pursuant to the functional currency reporting rules; (f) that has entered or will enter into, in respect of the Common Shares, a "synthetic disposition arrangement" or a "derivative forward agreement"; or (g) that is a "foreign affiliate" of a taxpayer resident in Canada, each within the meaning of the Tax Act. **Any such Holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.**

This summary does not address tax considerations applicable to holders of Options, DSUs, or PSUs with respect to the Arrangement or under the Company Incentive Plan. **Any such holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.**

This summary does not address all tax considerations relevant to Holders who previously acquired, or will acquire under the Arrangement, Common Shares on the exercise or settlement of Options or pursuant to any other employee compensation arrangement. **Any such holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.**

This summary assumes that, at all relevant times prior to the disposition of the Common Shares pursuant to the Arrangement, the Common Shares will be listed on the TSX.

This summary is based on the facts set out in this Circular, the assumptions set out herein, the current provisions of the Tax Act in force as at the date of this Circular, and ZCL's understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency (the "CRA") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in Laws or administrative or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may be different from those discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement. The income and other tax consequences of acquiring, holding or disposing of securities will vary depending on a Holder's particular status and circumstances, including the country, province or territory in which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. No representations are made with respect to the income or other tax consequences to any particular Holder. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement. **Securityholders should consult their own tax advisors for advice with respect to the income and other tax consequences of the Arrangement in their particular circumstances, including the application and effect of the income and other tax Laws of any applicable country, province, state or local tax authority.**

This summary does not discuss any non-Canadian income or other tax consequences of the Arrangement. Holders resident or subject to taxation in a jurisdiction other than Canada should be aware that the Arrangement may have tax consequences both in Canada and in such other jurisdiction. Such consequences are not described herein. Holders should consult with their own tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be a resident of Canada and is not exempt from tax under Part I of the Tax Act (a "**Resident Holder**").

Disposition of Common Shares under the Arrangement

Under the Arrangement, Resident Holders (other than Dissenting Shareholders) will dispose of each of their Common Shares to Shawcor for proceeds of disposition equal to the Cash Consideration. Such a Resident Holder will recognize

a capital gain (or sustain a capital loss) equal to the amount by which the aggregate proceeds of disposition received exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Common Share, determined immediately before the disposition, and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Resident Holder in a taxation year will be included in computing the Resident Holder's income in that taxation year as a taxable capital gain and, generally, one-half of any capital loss realized in a taxation year (an "**allowable capital loss**") must be deducted from the taxable capital gains realized by the Resident Holder in the same taxation year, in accordance with the rules contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in such taxation year, subject to and in accordance with the rules contained in the Tax Act.

Capital gains realized by an individual and certain trusts may give rise to a liability for minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the minimum tax provisions. A Resident Holder that is, throughout the year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be subject to an additional refundable tax on its "aggregate investment income" which is defined to include taxable capital gains.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such share (or on a share for which the share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly through a partnership or a trust. Resident Holders to whom these rules may apply should consult their own tax advisors.

Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Resident Holder**") may be entitled, if the Arrangement becomes effective, to receive a cash payment from Shawcor equal to the fair value of such Dissenting Resident Holder's Common Shares (the "**Dissent Payment**") in consideration for the disposition of his, her or its Common Shares. Such a Dissenting Resident Holder will recognize a capital gain (or sustain a capital loss) equal to the amount by which the aggregate proceeds of disposition (excluding any portion that is interest) received exceeds (or is less than) the aggregate of the adjusted cost base to the Dissenting Resident Holder of such Common Shares, determined immediately before the disposition, and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*" above.

Any interest awarded to a Dissenting Resident Holder will be included in such Holder's income for the purposes of and in accordance with the Tax Act.

Additional income tax considerations may be relevant to Resident Holders who fail to perfect or withdraw their claims pursuant to the Dissent Rights.

Resident Holders should consult their own tax advisors with respect to the tax consequences to them of exercising Dissent Rights.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and is not deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, Common Shares in connection with carrying on a business

in Canada (a "**Non-Resident Holder**"). This portion of the summary is not generally applicable to a Non-Resident Holder that is: (a) an insurer carrying on an insurance business in Canada and elsewhere; (b) a "financial institution"; or (c) an "authorized foreign bank", each as defined in the Tax Act.

Status of Common Shares as "Taxable Canadian Property"

Generally, a Common Share of a particular Non-Resident Holder will not be "taxable Canadian property" (within the meaning of the Tax Act) of a Non-Resident Holder at any time at which such share is listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the TSX), unless at any time during the 60-month period that ends at that time:

- (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length for purposes of the Tax Act, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of ZCL, and
- (b) more than 50% of the fair market value of the Common Shares was derived (directly or indirectly) from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties", (iii) "timber resource properties", and (iv) options in respect of, or interests in, or for civil law rights in, any of the foregoing property whether or not the property exists, all as defined for the purposes of the Tax Act.

Common Shares may also be deemed to be "taxable Canadian property" in certain circumstances as set out in the Tax Act.

In the event that a Common Share is "taxable Canadian property", within the meaning of the Tax Act, to a Non-Resident Holder at the time of disposition, such Non-Resident Holder should consult its own tax advisor as to the Canadian federal income tax consequences of the disposition, including any Canadian compliance obligations.

Disposition of Common Shares under the Arrangement

A Non-Resident Holder whose Common Shares are disposed of under the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on such disposition unless the Common Shares are "taxable Canadian property" to the Non-Resident Holder at the effective time of the disposition and the Common Shares are not "treaty-protected property", each within the meaning of the Tax Act.

In the event that a Common Share is taxable Canadian property to a Non-Resident Holder at the effective time of the disposition and is not treaty-protected property, the tax consequences described above under "*Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada – Disposition of Common Shares under the Arrangement*" will generally apply. Non-Resident Holders may also be subject to Canadian tax compliance obligations in such a circumstance and should consult with their own tax advisors as to the same.

Dissenting Non-Resident Holders

A Non-Resident Holder who validly exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Non-Resident Holder**") may be entitled, if the Arrangement becomes effective, to receive a cash payment from Shawcor equal to the fair value of such Dissenting Non-Resident Holder's Common Shares in consideration for the disposition of such Common Shares.

Dissenting Non-Resident Shareholders will generally be subject to the same treatment described above under "*Certain Canadian Federal Income Tax Considerations - Holders Not Resident in Canada - Disposition of Common Shares under the Arrangement*".

Any interest awarded to a Dissenting Non-Resident Holder in respect of the exercise of Dissent Rights will not be subject to Canadian withholding tax, provided that such interest does not constitute "participating debt interest" within the meaning of the Tax Act.

Certain Other Tax Considerations

This Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement for Securityholders who are subject to income tax outside of Canada. Such Securityholders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions.

INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT

In considering the recommendation of the ZCL Board with respect to the Arrangement, Securityholders should be aware that certain directors and executive officers of ZCL have interests that are, or may be, different from, or in addition to, the interests of other Securityholders. The ZCL Board is aware of these interests and considered them along with the other matters described above in "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Reasons For and Anticipated Benefits of the Arrangement*".

Security Ownership

As of close of business on the Record Date, the members of the ZCL Board and certain executive officers of ZCL, together with their associates and affiliates, as a group, beneficially owned, by way of beneficial ownership of securities or otherwise 1,457,681 Common Shares representing approximately 4.8% of the Common Shares outstanding as of the Record Date on an undiluted basis, and Options to acquire 240,874 Common Shares representing approximately 29.6% of the Options outstanding as of the Record Date, all as set out in the table below.

All of the Securities held by the members of the ZCL Board and certain executive officers of ZCL will be treated in the same fashion under the Arrangement as those held by any Securityholder. The interests of the directors and executive officers of ZCL in the Arrangement as of the date hereof are summarized in the following table. The ZCL Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Securityholders.

Name, Municipality and Position	No. of Common Shares held / % of outstanding Common Shares (non-diluted basis)		Cash Consideration to be received under the Arrangement with respect to Common Shares (\$)	Number of Options PSUs, DSUs, RSUs Held	Potential Cash Payment to be made pursuant to Employment Agreement ⁽⁴⁾ (\$)	Total Consideration to be received under the Arrangement (\$)
Anthony P. Franceschini Edmonton, Alberta, Canada Independent Director, Chair of the Board	125,000	0.41%	1,250,000	22,830	-	1,478,305
Ronald M. Bachmeier Edmonton, Alberta, Canada Director	145,310	0.48%	1,453,100	35,577	-	1,519,137
D. Bruce Bentley Edmonton, Alberta, Canada Independent Director	35,500	0.12%	355,000	17,022	-	525,217
Diane Brickner Edmonton, Alberta, Canada Independent Director	5,600	0.02%	56,000	5,824	-	114,243
Leonard A. Cornez Calgary, Alberta, Canada Independent Director	46,853	0.15%	468,530	17,022	-	638,747

Joseph G. Gysel Scottsdale, Arizona, USA Independent Director	500	0.00%	5,000	-	-	5,000
Darcy Morris ⁽⁵⁾ Toronto, Ontario, Canada Independent Director	1,018,800	3.33%	10,188,000	5,824	-	10,246,243
Ralph B. Young Edmonton, Alberta, Canada Independent Director	18,721	0.06%	187,210	17,022	-	357,427
Edward Redmond Edmonton, Alberta, Canada President & CEO, Director	10,000	0.03%	100,000	51,880	1,870,279	2,189,279
Katherine Demuth Edmonton, Alberta, Canada Chief Financial Officer	51,397	0.17%	513,970	18,196	537,424	1,187,457

Notes:

- (1) Actual cash to be received pursuant to the Arrangement with respect to each DSU will be a price of \$10.00 per DSU.
- (2) Actual cash to be received pursuant to the Arrangement with respect to each PSU will be \$10.00 per PSU.
- (3) It is anticipated that each of the directors and executive officers of ZCL shall enter into Option Exercise or Surrender Agreements pursuant to which they shall agree, conditional upon the occurrence of the Effective Time, to surrender effective immediately before the Effective Time, all Options, for cancellation for the Option Consideration.
- (4) Completion of the Arrangement will constitute a "change of control" for purposes of the employment agreements listed below.
- (5) Mr. Morris is co-founder of Ewing Morris which owns 1,018,800 Common Shares, or 3.33% of the issued and outstanding Common Shares.
- (6) As of the date hereof, there are no RSUs issued and outstanding.

Directors and Officers Insurance

Prior to the Effective Date, ZCL shall purchase customary "tail" policies of directors' and officers' liability insurance, providing coverage no less advantageous in the aggregate than the coverage provided by the policies maintained by ZCL which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and Shawcor will, or will cause ZCL to maintain such tail policies in effect without any reduction in scope or coverage for at least six (6) years from the Effective Date.

Employment Agreements

Each of Edward Redmond and Katherine Demuth, ZCL's Chief Executive Officer and Chief Financial Officer, respectively, are parties to employment agreements with ZCL that provide for change of control payments. Such employment agreements provide that following a change of control, in the event of termination without cause or in the event of a resignation within twelve (12) months for "good reason" (which includes a fundamental adverse change in their employment without their consent including, but not limited to, a change in salary, authority or duties), they would each receive the following amounts payable under their respective employment agreements:

- Edward Redmond – termination payment in amount equal to the sum of: (i) two (2) times his annual base salary as at the effective date of termination, (ii) two (2) times his historical bonus (calculated in accordance with the employment agreement); and (iii) the payout amount for PSUs, with such aggregate termination payment being estimated to be \$1,870,279.
- Katherine Demuth – termination payment in amount equal to the sum of: (i) one (1) times her annual base salary as at the effective date of termination, (ii) one (1) times her historical bonus; and (iii) the payout amount for PSUs, with such aggregate termination payment being estimated to be \$537,424.

Retention Bonus Program

Edward Redmond and Katherine Demuth, ZCL's Chief Executive Officer and Chief Financial Officer, respectively, are parties to a retention bonus program and are entitled to payments thereunder in the aggregate amount of \$175,000. Certain senior officers, and other employees, will also be entitled to bonuses under the retention bonus program. The amounts payable under the retention bonus program are in addition to any vested Option or PSU payouts. The aggregate amount issued will be payable on a future date or dates, provided that the named executive officers are active employees at the time of the applicable date of payout. The program is designed to align, motivate and retain key personnel and the amount payable thereunder is intended to provide such employees with incentive to stay employed with Shawcor following the Arrangement and to assist with future integration following the completion of the Arrangement.

RISK FACTORS

There are risks associated with the completion of the Arrangement. In addition to the risk factors presented in ZCL's Public Record, and in Shawcor's annual information form dated March 23, 2018 for the year ended December 31, 2017, each of which disclosed risk factors are incorporated by reference herein, the following is a list of certain additional risks associated with the Arrangement which Securityholders should carefully consider before approving the Arrangement Resolution:

The Arrangement is subject to satisfaction or waiver of certain conditions

The completion of the Arrangement is subject to a number of conditions, certain of which are outside the control of ZCL and Shawcor, including, among other things, the approval of the Court and Securityholder Approval of the Arrangement Resolution. There is no certainty, nor can Shawcor and/or ZCL provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If, for any reason, the Arrangement is not completed, the market price of the Common Shares may be adversely affected. Further, if the Arrangement Agreement is terminated, there is no assurance that the ZCL Board will be able to enter into another similar transaction.

The Arrangement Agreement may be terminated

Each of ZCL and Shawcor have the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Shawcor or ZCL provide any assurance, that the Arrangement will not be terminated by either Shawcor or ZCL before the completion of the Arrangement. For instance, either Shawcor or ZCL has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that have a Material Adverse Effect on the other party. There is no assurance that a Material Adverse Effect will not occur before the Effective Date, in which case Shawcor or ZCL could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

In addition, certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by ZCL or Shawcor even if the Arrangement is not completed. If the Arrangement is not completed, Securityholders will not realize the potential benefits of the Arrangement.

Under the Arrangement Agreement, ZCL is required to pay Shawcor the Termination Fee or the Expense Reimbursement Amount in certain circumstances. The Termination Fee may discourage other parties from attempting to enter into a business transaction with ZCL, even if those parties would otherwise be willing to enter into an agreement with ZCL for a business combination. See "*Effect of the Arrangement – Material Terms of the Arrangement Agreement – Termination Fee and Expense Reimbursement*".

Income Tax Laws

There can be no assurance that applicable Canadian federal or other income tax Laws will not be changed or interpreted in a manner, or that the applicable taxing authorities will not take administrative positions, that are adverse to Securityholders following completion of the Arrangement.

Market price of the Common Shares

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of the Common Shares may be materially adversely affected.

While the Arrangement is pending, ZCL is restricted from taking certain actions

The Arrangement Agreement restricts ZCL from taking specified actions, outside of the usual and ordinary course, until the Arrangement is completed, without the consent of Shawcor. These restrictions may prevent ZCL from pursuing attractive business opportunities that may arise prior to completion of the Arrangement.

Dissent Rights

Registered Shareholders have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Common Shares in cash in connection with the Arrangement in accordance with the Interim Order. It is a condition to completion of the Arrangement that holders of not more than 5% of the outstanding Common Shares shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

Forward-Looking Statements May Prove Inaccurate

Readers are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Circular, ZCL's Public Record, and in Shawcor's annual information form dated March 23, 2018 for the year ended December 31, 2017, each of which disclosed risk factors are incorporated by reference herein. In addition, in the event that the Arrangement is not completed and ZCL continues as a going concern, ZCL will also continue to face the risks that it currently faces with respect to its business, affairs, operations and future prospects. Securityholders are urged to carefully consider all such risk factors.

INFORMATION CONCERNING ZCL

General

ZCL is a corporation incorporated pursuant to the *Business Corporations Act* (Alberta) on September 14, 1987, and became a federal corporation pursuant to the CBCA on February 23, 1988. Its head office is located at 1420 Parsons Road S.W., Edmonton, Alberta T6X 1M5 and its registered and records office is located at 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3.

ZCL is North America's largest manufacturer and supplier of environmentally friendly fiberglass reinforced plastic underground storage tanks. ZCL has two manufacturing facilities in Canada, four in the U.S. and one in The Netherlands. Fuel is the Company's largest segment and serves a relatively mature market. Water & Wastewater and Oil & Gas are smaller emerging segments. The Company operates under the brands of ZCL, Xerxes, ZCL | Xerxes, and Parabeam.

Trading Price and Volume

The Common Shares are listed and posting for trading on the TSX under the symbol "ZCL".

The closing price per share of the Common Shares on January 18, 2019, the last full trading day on the TSX before the public announcement of the proposed Arrangement was \$7.29, and on February 14, 2019, the last full trading day on the TSX before the date of this Circular, the closing price per share of the Common Shares was \$9.96.

Period	High	Low	Volume
<u>2018</u>			
February	11.25	10.39	820,776
March	11.99	10.89	830,704
April	12.35	11.39	667,746
May	12.12	9.16	1,848,211
June	9.42	8.46	2,183,693
July	9.00	8.25	1,016,646
August	9.34	7.24	1,334,395
September	8.00	7.23	759,012
October	7.45	6.42	1,245,246
November	6.83	5.43	3,319,003
December	6.61	6.00	540,882
<u>2019</u>			
January	9.95	6.30	3,746,513
February 1 – 14	9.97	9.92	585,305

Voting Securities

ZCL is authorized to issue an unlimited number of Common Shares, of which 30,560,814 are issued and outstanding as of the date hereof, with each such Common Share carrying the right to one vote at the Meeting. As of the date hereof, there are also 814,226 Options outstanding. ZCL has no other classes of voting securities. Each Securityholder entitled to vote will be entitled to one (1) vote for each Common Share held and one (1) vote for each Option held.

To the knowledge of the ZCL Board, as at the Record Date, no person or company, beneficially owns, or exercises control or direction, directly or indirectly, over voting Securities in aggregate entitled to 10% or more of the votes which may be cast at the Meeting, other than Mawer Investment Management Ltd., who owns 3,997,762 Common Shares representing approximately 13.08% of the outstanding Common Shares, and other than the directors and senior officers of ZCL, who beneficially own, or exercise control or direction over, directly or indirectly, 240,874 Options, representing approximately 29.6% of the outstanding Options.

Except as otherwise set out in this Circular, to the knowledge of the ZCL Board, as at the Record Date, no person or company, beneficially owns, or exercises control or direction, directly or indirectly, over more than 10% of the outstanding Securities.

Commitments to Acquire Securities

Except as otherwise disclosed in this Circular, there are no agreements, commitments or understandings to acquire Securities of ZCL by (a) ZCL, (b) any directors or officers of ZCL or (c) to the knowledge of the directors and officers of ZCL, by any insider of the Company (other than a director or officer) or any associate or affiliate of such insider or any associate or affiliate of ZCL or any person acting jointly or in concert with ZCL.

Material Changes in ZCL

Except as publicly disclosed or otherwise described in this Circular, the directors and officers of ZCL are not aware of any plans or proposals for material changes in the affairs of ZCL.

Dividend Policy

The dividend policy of the Company undergoes a periodic review by the ZCL Board and is subject to change at any time depending upon the earnings of the Company, its financial requirements and other factors existing at the time. The following dividends have been paid for the two (2) years preceding the date hereof:

Dividend (in thousands \$)	Date Paid	Dividend per Common Share (\$)
2,462	January 16, 2017	\$0.08
20,069	March 31, 2017	\$0.65
3,717	April 17, 2017	\$0.12
3,725	July 17, 2017	\$0.12
3,737	October 16, 2017	\$0.12
3,705	January 15, 2018	\$0.12
4,172	April 16, 2018	\$0.135
12,345	June 15, 2018	\$0.40
4,148	July 16, 2018	\$0.135
4,126	October 15, 2018	\$0.135
4,126	January 15, 2019	\$0.135

No dividends will be declared or paid by ZCL, except for the payment of ordinary dividends declared and publicly announced prior to the date of the Arrangement Agreement, prior to the earlier of the Effective Date and the date of termination of the Arrangement Agreement, unless Shawcor shall otherwise consent in writing.

Indebtedness of Directors and Senior Officers

ZCL is not aware of any individuals who are, or who at any time during the most recently completed fiscal year were, a director or senior officer of ZCL, or an associate of any of those directors, senior officers, who are, or have been at any time since the beginning of the most recently completed fiscal year of ZCL, indebted to ZCL or any Company Subsidiaries or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed fiscal year of ZCL has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by ZCL or any Company Subsidiaries.

Management Contracts

Management functions of ZCL are substantially performed by directors and senior officers of ZCL and have not been performed, by any substantial degree, by any other person to whom ZCL has contracted.

Auditors

The auditors of ZCL are Ernst & Young LLP, Chartered Accountants. Ernst & Young LLP, Chartered Accountants, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants' of Alberta.

Additional Information

Financial information in respect of ZCL and its affairs is provided in ZCL's annual audited comparative financial statements for the year ended December 31, 2017 and the Company's unaudited interim comparative financial statements for the three and nine months ended September 30, 2018 and the related management's discussion and analysis. Additional information relating to ZCL is available for public viewing on the SEDAR website at www.sedar.com under ZCL's profile. Also see "Audit Committee" in ZCL's AIF for information relating to the Audit Committee, including its mandate and composition, as well as fees paid to ZCL's auditors.

INFORMATION CONCERNING SHAWCOR

The information concerning Shawcor contained in this Circular has been provided by Shawcor for inclusion in this Circular. Although ZCL has no knowledge that any statements contained herein taken from or based on such information provided by Shawcor are untrue or incomplete, ZCL assumes no responsibility for the accuracy of such information or for any failure by Shawcor to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to ZCL.

Shawcor

Shawcor was originally incorporated under the laws of Canada in 1968 as Shaw Pipe Industries Ltd. and was continued under the Canada Business Corporations Act in 1980 at which time it adopted the name Shaw Industries Ltd. Effective May 4, 2001, Shawcor adopted its present name. On March 20, 2013, Shawcor and Seaborn Acquisition Inc. amalgamated pursuant to a Plan of Arrangement pursuant to the which Shawcor's dual class share structure, which had consisted of class A subordinate voting shares (having one vote per share) and class B multiple voting shares (having ten votes per share), was eliminated and its authorized and issued capital now consists solely of common shares. Shawcor's head and registered and records office is located at 25 Bethridge Road, Toronto, Ontario, Canada M9W 1M7.

Shawcor is a global energy services company specializing in products and services for the pipeline and pipe services segment of the oil and gas industry and related products for the petrochemical and industrial market. Shawcor operates through a global network of fixed and mobile manufacturing and service facilities and is valued for its integrity, technology and proven capability to execute the most complex projects in its industry. Shawcor operates through eight divisions, with manufacturing and service facilities located around the world. These divisions operate within the two principal market segments: (i) pipelines and services; and (ii) petrochemical and industrial.

Common shares in the capital of Shawcor are listed and posted for trading on the TSX under the symbol "SCL".

INFORMATION CONCERNING THE MEETING

Date, Time and Place of Meeting

The Meeting

The Meeting will be held at 2:00 p.m. (Edmonton time) on March 26, 2019 at the offices of Bennett Jones LLP, 3200 TELUS House, South Tower, 10020 100 Street N.W., Edmonton, Alberta T5J 0N3, for the purposes set forth in the accompanying Notice of Meeting accompanying this Circular.

Purpose

The Meeting shall be held for the following purposes:

1. to consider and, if deemed advisable, to pass the Arrangement Resolution, the full text of which is set forth in Appendix "A" to the Circular to approve the Arrangement; and
2. to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

Securityholder Approval

Each Common Share and Option entitled to be voted in respect of the Arrangement Resolution will entitle the holder thereof to one (1) vote at the Meeting. To be effective, the Arrangement Resolution must be approved by: (i) not less than two-thirds (66⅔%) of the votes cast by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and (ii) not less than two-thirds (66⅔%) of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

In addition, pursuant to and in accordance with the policies of the TSX, ZCL will be required to obtain the approval of the Arrangement Resolution by a majority of the votes cast by the Shareholders present in person or represented by proxy at Meeting.

Solicitation of Proxies

This Circular is being sent to both registered and non-registered Securityholders and is provided in connection with the solicitation of proxies by the management of ZCL for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting of Securityholders.

Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees and/or agents of ZCL, including by proxy solicitation agents that may be specifically retained for such purpose. All costs of the solicitation for the Meeting will be borne by ZCL. ZCL is not using "notice and access" to send its proxy related materials to Securityholders, including this Circular and the forms of proxy. Paper copies of such materials will be sent to all Securityholders.

The information set forth below generally applies to Registered Shareholders (i.e. those Shareholders holding a physical share certificate or a DRS Advice evidencing Common Shares registered in their name). If you are a Beneficial Shareholder (i.e., those Shareholders whose Common Shares are held through an Intermediary), see "*Information Concerning the Meeting – Information for Beneficial Shareholders*".

Appointment of Proxies

Accompanying this Circular is a form of proxy for use by Securityholders. The persons named in the enclosed form of proxy are directors and/or officers of ZCL. **A Securityholder has the right to appoint a person (who need not be a Securityholder) other than the persons designated in the accompanying form of proxy provided by ZCL to represent the Securityholders at the Meeting. To exercise this right, the Securityholder should strike out the names of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.**

Registered Securityholders may attend the Meeting in person or may be represented by proxy. Securityholders who are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment(s) or postponement(s) thereof. To be valid, completed proxy forms must be dated, completed, signed and deposited with AST: (a) by mail using the enclosed return envelope or one addressed to AST, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 01A (b) by email at proxyvote@astfinancial.com or (c) by facsimile at 1-866-781-3111 or 1-416-368-2502 (within the 416 area code). Securityholders may also use the internet site at www.astvotemyproxy.com to transmit their voting instructions. Securityholders should have the form of proxy in hand when accessing the website and will be prompted to enter their control number, which is located on the form of proxy. If a Securityholder receives more than one form of proxy because such Securityholder owns Common Shares or Options registered in different names or addresses, each form of proxy should be completed and returned. The chair of the Meeting will have the discretion to accept all, but not less than all, valid proxies received after the foregoing deadline and prior to the Meeting.

Revocation of Proxies

In addition to revocation in any other manner permitted by Law, a registered Securityholder may revoke a proxy by: (a) instrument in writing executed by the Securityholder or such Securityholder's attorney authorized in writing or if the Securityholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either with the Depositary, acting as scrutineers, at the office of the Depositary designated in the Notice of Meeting to Securityholders and the Circular not later than 2:00 p.m. (Edmonton time) on the Business Day preceding the date of the Meeting (or any adjournment thereof) or with the chair of the Meeting on the day of the Meeting (or any adjournment thereof); (b) a duly executed and deposited proxy bearing a later date or time than the date or time of the proxy being revoked; or (c) as permitted by Law.

Proxy Voting

The Common Shares and Options represented by the accompanying form(s) of proxy will be voted in accordance with the instructions of the Securityholder on any ballot that may be called for, and if the Securityholder specifies a choice with respect to any matter to be acted upon, the Securities will be voted accordingly. **In the absence of such direction,**

the persons set forth in the accompanying form(s) of proxy intend to vote the Securities represented thereby FOR the Arrangement Resolution.

The enclosed form of proxy confers discretionary authority upon the persons named therein in respect of amendments or variations to matters identified in the Notice of Meeting of Securityholders and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date hereof, management of ZCL knows of no amendments, variations or other matters to come before the Meeting; however, if any other matter properly comes before the Meeting, the accompanying form of proxy will be voted on such matter in accordance with the best judgment of the person(s) voting the proxies.

Procedure for Exchange of Common Share Certificates

A copy of the Letter of Transmittal is enclosed with this Circular. To receive the Cash Consideration issuable pursuant to the Arrangement, the enclosed Letter of Transmittal must be duly completed, executed and returned together with the certificate(s) or DRS Advice representing Common Shares and all other required documents as provided in the Letter of Transmittal to the Depositary. Cash Consideration under the Arrangement will not be issued until after the Arrangement is completed and all required documentation, including the Letter of Transmittal, the certificate(s) or DRS Advice representing the Common Shares, has been duly completed, executed and returned to the Depositary.

Only Registered Shareholders are required to submit a Letter of Transmittal. Beneficial Shareholders who do not hold the Securities in their own name but rather through an Intermediary should contact that Intermediary for instructions and assistance in depositing certificates representing such Securities and any other required documentation, as applicable, and carefully follow any instructions provided by such Intermediary.

From and after the Effective Time, all certificates that represented Common Shares immediately prior to the Effective Time will cease to represent any rights with respect to Common Shares and will only represent the right to receive the Cash Consideration or, in the case of Dissenting Shareholders, the right to receive fair value for their Common Shares.

A cheque in the amount payable to the former Shareholder who has complied with the procedures set forth above will, as soon as practicable after the Effective Date, be forwarded to the holder at the address specified in the Letter of Transmittal by insured first class mail or be made available at the offices of the Depositary for pick-up by the holder as requested by the holder in the Letter of Transmittal. Under no circumstances will interest accrue or be paid by Shawcor, ZCL or the Depositary to persons depositing Common Shares for the Cash Consideration regardless of any delay in making such payment.

Subject to any Applicable Laws relating to unclaimed personal property, any certificate formerly representing Common Shares that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment hereunder that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a former holder of Common Shares to receive the consideration for such Common Shares pursuant to the Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to Shawcor, for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to Shawcor.

Any use of mail to transmit certificate(s) or DRS Advice representing Common Shares and the Letter of Transmittal is at each holder's risk. ZCL recommends that such certificate(s) or DRS Advice and other documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used (with proper acknowledgment) and appropriate insurance be obtained.

In the event any certificate, which immediately prior to the Effective Time represented one or more outstanding Common Shares has been lost, stolen or destroyed, the Shareholder should complete the Letter of Transmittal as fully as possible and forward such Letter of Transmittal, together with a letter describing the loss, to the Depositary in accordance with the instructions in the Letter of Transmittal.

In the event that a Shareholder is unable to locate the DRS Advice, please contact the Depositary to have a replacement DRS Advice sent. There is no cost or additional documentation required by a Shareholder to replace a DRS Advice.

Failure to Deposit Certificate(s)

Subject to any applicable laws relating to unclaimed personal property, any certificate formerly representing Common Shares that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment under the Plan of Arrangement that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a former holder of Common Shares to receive the Cash Consideration for such Common Shares pursuant to the Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to Shawcor, for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to Shawcor.

Information for Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of them do not hold their Common Shares in their own names. Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of ZCL as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If any of the Common Shares of a Shareholder are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of ZCL. 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 majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder.

Without specific instructions, brokers and their agents and nominees are prohibited from voting the Common Shares for the broker's clients. The directors and officers of ZCL do not know for whose benefit the Common Shares registered in the name of CDS & Co. or of other brokers/agents are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires brokers, financial institutions, trustees, nominees or other intermediaries to seek voting instructions from beneficial shareholders in advance of securityholder meetings. Often, the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to that provided to a Registered Shareholder. However, its purpose is limited to instructing the Registered Shareholder on how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of proxy. The Beneficial Shareholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder may call a toll-free number to vote the Common Shares held by the Beneficial Shareholder or vote online. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting.

Beneficial Shareholders receiving a form of proxy or a voting instruction form from their Intermediary cannot use that form to vote Common Shares at the Meeting. Voting instructions must be communicated to the Intermediary (in accordance with the instructions provided by it or on its behalf) well in advance of the Meeting in order to have the Common Shares to which such instructions relate voted at the Meeting.

Although a Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Securityholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholders for the registered Securityholder should enter their own names in the blank space on the form of proxy provided to the Beneficial Shareholder and return the document to such Beneficial Shareholder's Intermediary in accordance with the instructions provided by such Intermediary well in advance of the Meeting.

Quorum

Pursuant to the Interim Order and the by-laws of ZCL, quorum is present if two (2) shareholders are personally present each of whom is either a shareholder entitled to attend and vote at such meeting, a proxyholder appointed by such a shareholder or a duly appointed representative of such a shareholder that is a body corporate, that together hold or represent not less than 10% of the issued Common Shares entitled to be voted at the Meeting.

Depositary

AST will act as Depositary for the receipt of the Letters of Transmittal together with the certificate(s) or DRS Advice representing Common Shares and all other required documents deposited pursuant to the Arrangement. The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by ZCL and Shawcor against certain liabilities under applicable Securities Laws and expenses in connection therewith.

Except as set forth above or elsewhere in this Circular, ZCL shall not pay any fees or commissions to any broker or dealer or any other person for soliciting deposits of Securities pursuant to the Arrangement.

Other Business

The management of ZCL does not intend to present and does not have any reason to believe that others will present any item of business other than those set forth in this Circular at the Meeting. However, if any other business is properly presented at the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form(s) of proxy in their sole discretion, including with respect to any amendments or variations to the matters identified in this Circular.

INTERESTS OF EXPERTS

Certain legal matters in connection with the Arrangement will be passed upon by Bennett Jones LLP, on behalf of ZCL. As of the date hereof, the partners and associates of Bennett Jones LLP beneficially own, or exercise control or direction over, directly or indirectly, less than 1% of the outstanding Common Shares. Certain legal matters in connection with the Arrangement will be passed upon by Stikeman Elliott LLP, on behalf of Shawcor.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of ZCL, based on the Public Record, no person beneficially owns, or exercises control or direction, directly or indirectly, over voting securities of ZCL carrying more than 10% of the voting rights attached to all outstanding voting Securities other than as disclosed herein.

Other than as disclosed herein, ZCL is not aware of any material interest, direct or indirect, of any informed person of ZCL or any associate or affiliate of any informed person, in any transaction or any proposed transactions since the commencement of ZCL's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect ZCL or any of the Company Subsidiaries.

For the purposes of this Circular an "informed person" means a director or senior officer of ZCL, a director or senior officer of a person or company that is itself an "informed person" or Company Subsidiary of ZCL and any person or company who beneficially owns, directly or indirectly, voting securities of ZCL or who exercises control or direction, directly or indirectly, over voting securities of ZCL or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of ZCL.

ADDITIONAL INFORMATION

Additional information relating to ZCL may be found on ZCL's website at www.zcl.com or on the SEDAR website at www.sedar.com under ZCL's profile. Securityholders may contact ZCL to request copies of the ZCL's Public Record by submitting a request in writing to ZCL Composites Inc., 1420 Parsons Road S.W., Edmonton, Alberta T6X 1M5.

APPROVAL

This Circular and the delivery thereof to the Securityholders, directors and auditor has been approved and authorized by the ZCL Board.

APPENDIX "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (Alberta) (the "**CBCA**") involving ZCL Composites Inc. ("**Company**") and Shawcor Ltd. ("**Purchaser**"), as more particularly described and set forth in the Management Information Circular of the Company dated February 15, 2019 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or have been amended, involving the Company (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the arrangement agreement dated as of January 20, 2019 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.
3. The Arrangement Agreement (including the Plan of Arrangement), the actions of the directors of the Company in approving the Arrangement and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified, approved and adopted.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Company Securityholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Company Securityholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement, at any time prior to the issuance of the certificate giving effect to the Arrangement.
5. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to make an application to the Court for an order approving the Arrangement and to deliver to the Director the Articles of Arrangement, a certified copy of the Final Order (all as defined in the Arrangement Agreement) and to execute and, if appropriate, deliver such other documents as are necessary or desirable to the Director pursuant to the CBCA in accordance with the Arrangement Agreement.
6. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute, or cause to be executed, and to deliver, or cause to be delivered, all such other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things as in such person's opinion may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX "B"

ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

between

SHAWCOR LTD.

– and –

ZCL COMPOSITES INC.

Dated as of January 20, 2019

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of January 20, 2019,

BETWEEN:

SHAWCOR LTD., a corporation amalgamated pursuant to the Laws of Canada (the "**Purchaser**")

– and –

ZCL COMPOSITES INC., a corporation amalgamated pursuant to the Laws of Canada (the "**Company**")

WHEREAS the Purchaser proposes to acquire all of the issued and outstanding Common Shares (as defined herein) (the "**Acquisition**");

AND WHEREAS the Parties (as defined herein) intend to carry out the Acquisition by way of a plan of arrangement under section 192 of the *Canada Business Corporations Act* substantially on the terms and conditions set forth in the Plan of Arrangement (as defined herein) annexed hereto as Schedule "B";

AND WHEREAS the Board (as defined herein) has: (a) determined that the Arrangement (as defined herein) is in the best interests of the Company and fair to the Company Securityholders (as defined herein); (b) approved the Arrangement, this Agreement (as defined herein) and the transactions contemplated hereby; and (c) resolved to recommend that the Company Securityholders vote in favour of the Arrangement;

AND WHEREAS the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the Acquisition;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE I **INTERPRETATION**

1.1 Definitions

In this Agreement:

"**Acquisition**" has the meaning given in the Recitals;

"**Acquisition Proposal**" means any direct or indirect proposal, inquiry or offer (written or oral) made or delivered to the Company from any third party or group of third parties relating to:

- (a) any merger, consolidation, amalgamation, take-over bid, tender offer, exchange offer, arrangement, business combination, joint venture, reorganization, recapitalization, liquidation, dissolution, share exchange, winding up, spin-off or sale of assets (including any lease, license, long-term supply agreement or other arrangement having the same

economic effect as a sale of assets) involving or relating to the Company and/or the Company Subsidiaries;

- (b) any purchase or sale of shares or other securities of the Company and/or the Company Subsidiaries and/or any right or interests therein;
- (c) any voting agreement, trust, partnership or similar arrangement with respect to the Company and/or the Company Subsidiaries; or
- (d) any transactions or arrangements similar to, or having the same effect or consequences, any of the foregoing;

which, in each case, in one or a series of related transactions, represents:

- (e) 20% or more of the voting or equity securities (or rights or interests in such voting or equity security interests) of the Company (in terms of number of securities or voting power); or
- (f) 20% or more of the consolidated assets, consolidated revenue or consolidated income of the Company taken as a whole, and including for great certainty any voting or equity securities (or rights or interests in such voting or equity securities of any Company Subsidiaries);

excluding the Arrangement and the transactions contemplated hereby;

"**affiliate**" has the meaning given in the Securities Act;

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**" and "**hereof**" and similar expressions mean this arrangement agreement, including the Recitals, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and, where applicable, to the Schedules hereto;

"**Arrangement**" means the arrangement under the provisions of section 192 of the CBCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Resolution**" means the special resolution to approve the Plan of Arrangement to be presented to the Company Securityholders at the Company Meeting, substantially in the form set forth in Schedule "A" annexed hereto;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement, which shall include the Plan of Arrangement and otherwise be in a form and substance satisfactory to the Company and the Purchaser, each acting reasonably;

"**Authorization**" means, with respect to any person, any order, permit, approval, consent, waiver, license or similar authorization of any Governmental Entity having jurisdiction over the person;

"**Board**" means the board of directors of the Company, as constituted from time to time;

"**Budget**" means the last approved annual budget of the Company, referenced in Section 5.1(h) of the Disclosure Letter;

"**Business Day**" means any day, other than a Saturday, a Sunday, or a day on which banks in Calgary, Alberta or Toronto, Ontario are generally not open for business;

"**Cash Consideration**" means the cash amount to be paid for each Common Share pursuant to the terms of the Arrangement, being \$10.00 per Common Share;

"**CBA Negotiations**" has the meaning given to it in Section 5.1(r);

"**CBCA**" means the *Canada Business Corporations Act*;

"**Certificate of Arrangement**" means the certificate or proof of filing to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Closing Date**" has the meaning given in Section 2.4 [*Filing Articles of Arrangement and Issuance of Certificate of Arrangement*];

"**Code**" means the *United States Internal Revenue Code of 1986*;

"**Collective Agreement**" means, the collective bargaining agreement with the United Automobile, Aerospace and Agricultural Implement Workers of America, Local Union No. 171, that expires April 5, 2019;

"**Common Shares**" means the common shares of the Company;

"**Company**" has the meaning given in the Recitals;

"**Company Assets**" means all of the assets, properties, Permits, rights or other privileges (whether contractual or otherwise) of the Company Group;

"**Company Circular**" means the notice of the Company Meeting and the accompanying Company information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, to be sent to the Company Securityholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with this Agreement;

"**Company Compensation Plans**" means all health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, stock appreciation, savings, insurance, incentive, incentive compensation, deferred compensation, share purchase, share compensation, equity, disability, severance, termination, pension, retirement or supplemental retirement plans and other employee or director compensation or benefit plans, policies, agreements or arrangements (whether or not subject to ERISA) for the benefit of directors or former directors of the Company or the Company Subsidiaries, the Company Employees or former Company Employees, including in respect of moving or relocation allowances, memberships or other perquisites, which are maintained by or binding upon the Company or the Company Subsidiaries, or in respect of which the Company or the Company Subsidiaries have any actual or potential liability or to which the Company or the Company Subsidiaries contribute, including the Company Incentive Plan and

the Stock Option Plan;

"Company DSUs" means the outstanding deferred share units granted under the Company Incentive Plan;

"Company Employees" means all employees of the Company Group;

"Company Executive Agreements" means the employment agreements between the Company (or a Company Subsidiary) and certain executive officers and members of senior management of the Company (or a Company Subsidiary), as listed in Section 3.1(gg) of the Disclosure Letter;

"Company Financial Statements" means: (a) the audited comparative consolidated financial statements of the Company as at and for the year ended December 31, 2017, together with the notes thereto and the auditor's report thereon and (b) the interim comparative condensed unaudited consolidated financial statements of the Company for the three and nine months ended September 30, 2018;

"Company Forward-Looking Information" has the meaning given in Section 3.1(o) *[the Company Public Disclosure Record]*;

"Company Group" means, collectively, the Company and the Company Subsidiaries;

"Company Incentive Plan" means the incentive plan of the Company effective March 5, 2015;

"Company Intellectual Property" means any Intellectual Property Rights (whether foreign or domestic, registered or unregistered) owned by the Company or a Company Subsidiary, including any right or protection in the following: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (b) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (c) copyrights, copyright registrations and applications for copyright registration; (d) mask works, mask work registrations and applications for mask work registrations; (e) designs, design registrations, design registration applications and integrated circuit topographies; (f) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (g) computer software and programs (both source code and object code form), all documentation and other materials related to the computer software and programs; and (h) any other intellectual property and industrial property.

"Company Meeting" means the special meeting of the Company Securityholders, including any adjournment or postponement thereof in accordance with the terms of this Agreement, to be called and held in accordance with this Agreement and the Interim Order to consider the Arrangement Resolution and any other matters which may be properly proposed to be voted on by the Company Securityholders as set out in the Company Circular and agreed to in writing by the Purchaser, acting reasonably;

"Company Optionholders" means the holders of Company Options;

"Company Options" means the options to purchase Common Shares granted pursuant to the Stock Option Plan;

"Company Organizational Documents" means the certificate and articles of amalgamation of the

Company dated April 1, 2005 and the by-laws of the Company, each as amended;

"Company Properties" has the meaning given in Section 3.1(kk)(i) [*Real Property*];

"Company PSUs" means the outstanding performance share units granted under the Company Incentive Plan;

"Company Public Disclosure Record" means all documents filed by or on behalf of the Company on SEDAR under the profile of the Company since January 1, 2017;

"Company RSUs" means the outstanding restricted share units granted under the Company Incentive Plan, if any;

"Company Securityholders" means, collectively, the Company Shareholders and Company Optionholders;

"Company Shareholders" means the registered or beneficial holders of the Common Shares, as the context requires;

"Company Subsidiaries" means, collectively, DWT Holding B.V., Parabeam Industrie-En Handelsonderneming B.V., ZCL Netherlands B.V., Radigan Insurance Corp., ZCL Acquisition Corp., ZCL Financing (#2) ULC, ZCL Financing (#3) ULC, ZCL Acquisition (#2) LLC, Xerxes Corporation and Troy Mfg (Texas), Inc., and **"Company Subsidiary"** means any one of the foregoing entities, individually;

"Confidentiality Agreement" means the non-disclosure agreement between the Company and the Purchaser dated September 4, 2018;

"Contract" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding or other right or obligation (whether written or oral) to which the Company or any of the Company Subsidiaries is a party or by which the Company or any of the Company Subsidiaries is bound or to which any of the Company Assets is subject;

"Court" means the Court of Queen's Bench of Alberta in Calgary, Alberta or appellate courts therefrom;

"Data Room" means the Merrill DatasiteOne virtual data room established and maintained in connection with the transactions contemplated by this Agreement;

"Data Room Materials" means the information contained in the files, reports, data, documents and other materials relating to the Company and the Company Subsidiaries as provided either in physical form or in electronic form (including the Disclosure Letter) in each case provided by the Company or its representatives or advisors to the Purchaser or its representatives or advisors through the Data Room as of 5 p.m. (Toronto time) on January 18, 2019, and the index of documents of which is appended to Section 1.1(b) the Disclosure Letter;

"Depository" means such person as the Purchaser may appoint to act as depository for the Common Shares in relation to the Arrangement, with the approval of the Company, acting reasonably;

"Designated Officers" means, collectively, Ted Redmond, Katherine L. Demuth, Craig Peterson and Ronald Bachmeier;

"Director" means the Director appointed under section 260 of the CBCA;

"Disclosure Letter" means the disclosure letter dated the date hereof that has been provided by the Company to the Purchaser prior to the execution of this Agreement by the Purchaser, and which is acknowledged as being received by the Purchaser;

"Dissent Rights" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" has the meaning given in the Plan of Arrangement;

"Employee Obligations" means any obligations or liabilities of the Company or any of the Company Subsidiaries to pay any amount to or on behalf of its or their directors, officers, consultants or the Company Employees, for severance or termination payments resulting solely from a termination of employment in connection with a change of control of the Company (including under any Company Compensation Plan), but does not include any obligation or liability for salary, accrued bonuses, benefits, vacation pay and directors' fees in the ordinary course, in each case, in amounts consistent with historic practices;

"Environment" means the natural environment (including soil, land surface or subsurface strata), surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems;

"Environmental Laws" means all Laws relating in full or in part to the protection or reclamation of the Environment, noise control, pollution and employee and public health and safety, and includes those Laws relating to the storage, generation, production, installation, use, handling, manufacture, processing, labeling, advertising, sale, display, transportation, treatment, Release and disposal of, and exposure to, Hazardous Substances and the term "**applicable**" with respect to Environmental Laws and in context that refers to one or more Parties, means such Laws as are applicable to such Party or Parties or its or their respective business, undertaking, property or securities;

"ERISA" means the *United States Employee Retirement Income Security Act of 1974*;

"ERISA Affiliate" means any employers, whether or not incorporated, that would be treated together with the Company as a single employer within the meaning of section 414 of the Code;

"Ex-Im Laws" means all U.S., Canadian, European and other Laws relating to export, re-export, transfer and import controls, including the Export Administration Regulations administered by the U.S. Department of Commerce, the International Traffic in Arms Regulations administered by the U.S. Department of State, U.S. customs and import requirements administered by U.S. Customs and Border Protection and the EU Dual Use Regulation, and Canada's Export and Import Permits Act, Special Import Measures Act and Defence Production Act;

"Exchange" means The Toronto Stock Exchange;

"Fairness Opinion" means the opinion from the Financial Advisor to the Company as to the fairness, from a financial point of view, of the Cash Consideration being offered under the Arrangement to the

Company Shareholders;

"Final Order" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably, at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"Financial Advisor" means Raymond James Ltd.;

"GAAP" means International Financial Reporting Standards at the relevant time, applied on a consistent basis, as adopted by the Canadian Accounting Standards Board;

"Governmental Entity" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, commission, agency, board, agent or authority of any of the foregoing; (c) the Exchange; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Hazardous Substances" means any substance, product, waste, pollutant, material, chemical, contaminant, liquid waste, industrial waste, radioactive waste, toxic substance, hazardous substance or material, ozone-depleting substance, or other material, including any constituent of any of them, that is regulated, listed, defined, judicially interpreted or designated under or pursuant to any applicable Environmental Laws or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under such Laws to be deleterious to the Environment or human health and safety;

"HSR Act" means the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

"HSR Approval" means, in respect of the transactions contemplated by this Agreement, that all applicable waiting periods under the HSR Act have expired or been terminated including any extension thereof and any additional periods agreed with a Government Entity (such as a timing agreement) for review under the antitrust or competition laws of any jurisdiction;

"including" means including without limitation, and **"include"** and **"includes"** have corresponding meanings;

"Indebtedness" means, with respect to any person, without duplication: (a) indebtedness of such person for borrowed money, secured or unsecured; (b) every obligation of such person evidenced by bonds, debentures, notes, derived obligations or other similar instruments; (c) every obligation of such person to pay the deferred purchase price of property or services, except trade accounts payable and other current liabilities arising in the ordinary course of business; (d) every obligation of such person under purchase money mortgages, conditional sale agreements or other similar instruments relating to purchased property or assets; (e) every capitalized or non-consolidated lease obligation of such person (but excluding for greater certainty, any operating lease obligations, with capital and operating leases as defined by GAAP prior to January 1, 2019); (f) every obligation of such person under Swaps (valued at the termination value thereof); (g) every obligation of such person, contingent or otherwise, under acceptance credit,

letters of credit or similar facilities; (h) surety bonds; and (i) every obligation of the type referred to above of any other person, the payment of which such person has guaranteed or for which such person is otherwise responsible or liable or which is secured by a Lien on any property or asset of such person;

"Intellectual Property Rights" means any right or protection existing from time to time in a specific jurisdiction, whether registered or not, under any patent Law or other invention or discovery Law, copyright Law, trademark Law, industrial design Law, trade secret Law and includes legislation by competent governmental authorities and judicial decisions under common law or equity with respect to the foregoing;

"Interim Order" means the interim order of the Court, as contemplated by Section 2.3 [*Interim Order*], providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"IRS" means the U.S. Internal Revenue Service;

"Law" or "Laws" means all laws (including common law), statutes, by-laws, rules, regulations, principles of law and equity, orders, codes, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, Securities Laws and the terms and conditions of any agreement, grant of approval, permission, authority or license of any Governmental Entity, and the term **"applicable"** with respect to such Laws (including Securities Laws) and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or Parties or its business, undertaking, property or securities;

"Leased Properties" has the meaning given in Section 3.1(kk)(i) [*Real Property*];

"Leases" has the meaning given in Section 3.1(kk)(ii) [*Real Property*];

"Legal Actions" means all claims, actions, enquiries, applications, suits, demands, arbitrations, mediations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations;

"Legal Requirements" means applicable common law and any applicable law, international treaty, statute, ordinance, rule, regulation, code, executive order, standard, official norm, criteria, guideline, requirement or legal requirement enacted, adopted or promulgated by any Governmental Entity, including any applicable Order, all as in effect from time to time;

"Liens" means any mortgage, charge, hypothec, prior claim, lien (statutory or otherwise), pledge, assignment for security, security interest, guarantee, option, right of first refusal or first offer, occupancy right or defect of title, any other right of third parties or other encroachment or encumbrance, or any collateral securing the payment obligations of any person, as well as any other agreement or arrangement with any similar effect whatsoever, in each case, whether contingent or absolute;

"Matching Period" has the meaning given in Section 7.2(g)(v) [*Non-Solicitation*];

"Material Adverse Effect" means, with respect to the Company, any change, effect or occurrence that individually is or in the aggregate are, or would reasonably be expected to be, material and adverse to the business, operations or condition (financial or otherwise) of the Company Group (taken as a whole), other than any change, effect or occurrence resulting from or arising in connection with:

- (a) any change or development generally affecting the industries in which the Company

Group operates;

- (b) any change in the general political, economic, financial, currency exchange, securities or credit market conditions;
- (c) any adoption, proposal, implementation or change in applicable Laws or any interpretation or administration of applicable Laws by any Governmental Entity, or any change in GAAP;
- (d) the announcement of the execution of and the transactions contemplated by this Agreement (provided however that for greater certainty this exception shall not apply to any changes, effects or occurrences described in Section 3.1(e) or Section 3.1(w));
- (e) any actions taken (or omitted to be taken) by the Company expressly required by this Agreement or to which the Purchaser has provided prior written consent;
- (f) any changes in the market price or trading volumes of the Common Shares of the Company (provided, however, that the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Effect);
- (g) terrorism, outbreak or escalation of war (whether or not declared), armed hostilities, riots, insurrection, civil disorder, military conflicts, political instability or other armed conflict, national calamity, natural disaster, crisis or emergency or any response by a Governmental Entity to any of the foregoing;
- (h) the failure, in and of itself, of the Company to meet any internal or published projections, forecasts or estimates (provided, however, that such changes may be considered to determine whether such causes constitute a Material Adverse Effect); or
- (i) any exercise of Dissent Rights;

provided, however, that: (I) the change, effect or occurrence referred to in clauses (a), (b), (c) and (g) above, does not materially disproportionately and adversely affect the Company Group, taken as a whole, relative to other comparable companies and entities operating in the industries and businesses in which the Company Group operates; and (II) references in certain Sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Effect" has occurred;

"Material Contracts" means:

- (a) any Contract that provides, or could reasonably be expected to provide, for obligations or entitlements of the Company Group in excess of \$3,000,000 per annum;
- (b) any Contract that provides for the purchase or sale of products or services between the Company Group and each of its ten largest customers or suppliers (by dollar amount for the most recent fiscal year);
- (c) any Contract pursuant to which the Company Group licences any material Company Intellectual Property Rights;
- (d) any non-competition agreement or non-solicitation agreement binding any member of

the Company Group; and/or

- (e) any Contract that, other than in the ordinary course of business, provides for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$2,000,000;

provided that "Material Contracts" shall not include any Company Compensation Plans;

"**material fact**" has the meaning given in the Securities Act;

"**misrepresentation**" has the meaning given in the Securities Act;

"**Money Laundering Laws**" means the applicable financial recordkeeping and reporting requirements of the *Currency and Foreign Transactions Reporting Act of 1970*, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended, the money laundering statutes of all jurisdictions in which any member of a Company Group operates (including the European Union), the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any relevant Governmental Entity;

"**Mutual Releases**" has the meaning given in Section 7.10 [*Resignations*];

"**OFAC**" means the U.S. Department of the Treasury's Office of Foreign Assets Control;

"**Option Exercise or Surrender Agreement**" means the agreement to be entered into by a Company Optionholder with the Company and the Purchaser pursuant to which each such holder consents to the exercise or surrender or a combination thereof of his, her or its respective Company Options in accordance with the Plan of Arrangement;

"**Order**" means any order, judgment, injunction, award, decree, permit, settlement or writ handed down, issued, adopted or imposed by any Governmental Entity;

"**Outside Date**" means May 31, 2019, or such later date as the Parties may agree in writing, provided that if the condition in Section 6.1(e) [*Mutual Conditions Precedent*] has not been satisfied by such date, a Party may extend the Outside Date by giving written notice to the other Parties to such effect by no later than 5:00 pm (Calgary time) on the date that is not less than five days prior to the original Outside Date (and any subsequent Outside Date), provided that in aggregate such extensions shall not exceed 45 days from the original Outside Date and provided further that a Party shall not be permitted to extend the Outside Date if a material and uncured failure to fulfill any of its obligations in this Agreement has been the cause of, or resulted in, the failure of the condition in Section 6.1(e) [*Mutual Conditions Precedent*] to be satisfied by such date;

"**Owned Properties**" has the meaning given in Section 3.1(kk)(i) [*Real Property*];

"**Parties**" means, collectively, the Purchaser and the Company, and "**Party**" means any one of the Purchaser or the Company;

"**Permit**" means any license, franchise, permit, certificate, consent, order, grant, easement, variance, covenant, approval, classification, registration, exemption or other authorization of and from any person, including any Governmental Entity, and for greater certainty, Permits shall include all applicable

Authorizations;

"Permitted Liens" means:

- (a) Liens, adverse claims, penalties and other encumbrances identified in respect of the Company Assets as disclosed in the Disclosure Letter;
- (b) easements, encroachments, rights of way, servitudes, restrictive covenants or other similar rights in land granted to or reserved by other persons, including servitudes for highways and other roads, rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which easements, encroachments, rights of way, servitudes, restrictive covenants, other similar rights and restrictions which do not, in the aggregate, impair the conduct of the business of the Company Group in any material respect, in existence on the date of this Agreement;
- (c) the right reserved to or vested in any Governmental Entity by the terms of any lease, licence, franchise, grant or Permit of the Company or any Company Subsidiary or by any statutory provision, to terminate any such lease, licence, franchise, grant or Permit, or to require annual or other periodic payments as a condition of the continuance thereof or to distrain or obtain a charge on any Company Asset of the Company or any Company Subsidiary in the event of a failure to make such annual or periodic payments or to comply with the terms thereof;
- (d) rights reserved to or vested in any Governmental Entity to control or regulate any of the Company Assets in any manner;
- (e) Liens for Taxes, assessments or governmental charges which are not due or which, if due are, being appealed in good faith and in respect of which reasonable reserves have been taken as required by GAAP, and which appeals as at the date hereof are described in Section 1.1(a) of the Disclosure Letter;
- (f) construction, mechanics, carriers, warehousemen's, storage, repairers and materialmen's Liens, but only if the obligations secured by such Liens are not overdue and no Lien has been registered against any of the Company Assets or if a Lien has been registered, same is being defended in good faith by appropriate proceedings and appropriate security has been posted; and
- (g) Liens incurred, created and granted in the ordinary course of business to a public utility, municipality or Governmental Entity in connection with operations conducted with respect to the Company Assets, but only to the extent such Liens relate to costs and expenses for which payment is not due;

"person" includes an individual, corporation, limited or general partnership, limited or unlimited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Personal Data" means any piece of information that, alone or in combination with other information, allows for the identification of or contact with an individual;

"Plan of Arrangement" means the plan of arrangement substantially in the form set forth in Schedule "B" annexed hereto and any amendments or variations thereto made in accordance with the provisions of the Plan of Arrangement, this Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"Purchaser" has the meaning given in the Recitals;

"Recitals" means the preamble and the recitals to this Agreement;

"Record Date" means the record date determined for the Company Securityholders to vote at the Company Meeting;

"Release" has the meaning prescribed in any Environmental Laws and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of any substance, including a Hazardous Substance, whether accidental or intentional, into the Environment;

[Redacted due to confidential employee information];

"Returns" means all returns, reports, filings, forms, elections, designations, notices, schedules, statements, estimates, declarations of estimated tax, information statements and returns, including any amendments, attachments, appendices and exhibits thereto, made, prepared, filed or required to be filed with a Governmental Entity with respect to Taxes;

"Sanctioned Country" means any country or region that is or was in the last five years the subject or target of any country-wide or territory-wide embargo under Sanctions Laws (including Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of Ukraine);

"Sanctioned Person" means any person that is the subject or target of sanctions or restrictions under Sanctions Laws or Ex-Im Laws, including: (a) any person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including OFAC's Specially Designated Nationals and Blocked Persons List; (b) any person located, organized or resident in a Sanctioned Country; or (c) any person that is in the aggregate 50% or greater owned, directly or indirectly, or otherwise controlled by a person or persons described in clauses (a) or (b);

"Sanctions Laws" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by relevant Governmental Authorities, including those administered by the United States (including by OFAC, the U.S. Department of State, and any other empowered Governmental Entity within the United States), Global Affairs Canada, the United Nations Security Council, the European Union (or any member state thereof) and Her Majesty's Treasury of the United Kingdom;

"Securities Act" means the *Securities Act* (Alberta);

"Securities Authorities" means the Exchange and the securities commissions and other securities regulatory authorities in the provinces of British Columbia, Alberta, Ontario and Québec;

"Securities Laws" means the Securities Act, all other applicable Canadian or provincial securities laws

and all rules and regulations and published policies thereunder and applicable stock exchange rules of the Exchange;

"**Securityholders' Vote**" has the meaning given in Section 2.3(c) [*Interim Order*];

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Stock Option Plan**" means the stock option plan of the Company dated May 4, 2018, as previously amended effective December 8, 2008, March 10, 2009, March 7, 2012, March 17, 2015 and March 16, 2018;

"**subsidiary**" has the meaning given in the Securities Act;

"**Superior Proposal**" means an unsolicited bona fide written Acquisition Proposal made after the date of this Agreement by one or more third parties:

- (a) to acquire not less than 100% of the outstanding Common Shares or all or substantially all of the Company Assets;
- (b) that (i) did not result from or involve a breach of Section 7.2 [*Non-Solicitation*] of this Agreement, (ii) the Board and any relevant committee thereof has determined in good faith (after receipt of advice from its financial advisor(s) and outside legal counsel) is reasonably capable of completion, (iii) in respect of which it has been demonstrated to the satisfaction of the Board and any relevant committee thereof acting in good faith (after receipt of advice from its financial advisor(s) and outside legal counsel) that any required financing to complete such an Acquisition Proposal is reasonably likely to be obtained and (iv) is not subject to any due diligence condition; and
- (c) in respect of which the Board and/or any relevant committee thereof determines in good faith (after receipt of advice from outside legal counsel with respect to (i) below and its financial advisor(s) with respect to (ii) below and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal) that: (i) the failure to recommend such Acquisition Proposal to the Company Securityholders would be inconsistent with its fiduciary duties under applicable Laws; and (ii) such Acquisition Proposal, if consummated in accordance with its terms, but without assuming away the risk of non-completion, would result in a transaction more favourable to the Company Securityholders, from a financial point of view, than the Arrangement, including any adjustment to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 7.2 [*Non-Solicitation*] of this Agreement;

"**Superior Proposal Notice**" has the meaning given in Section 7.2(g)(iii) [*Non-Solicitation*];

"**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, hedge, commodity option, equity or equity index swap, equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

"**Tax**" or "**Taxes**" means any and all domestic and foreign federal, state, provincial, territorial, municipal

and local taxes, assessments and other governmental charges, duties, impositions, liabilities, levies and other charges or assessment of any kind whatsoever imposed by any Governmental Entity, including Canada Pension Plan and provincial pension plan contributions, installments, unemployment insurance contributions and employment insurance contributions, worker's compensation and deductions at source, including taxes based on or measured by gross receipts, gross income, net income, profits, sales, capital, use and occupation, and including goods and services, harmonized value added, ad valorem, transfer, franchise, withholding, customs, payroll, stamp, recapture, premium, windfall profits, employment, excise and property duties and taxes, together with any interest, penalties, fines and additions imposed with respect to such amounts;

"Tax Act" means the *Income Tax Act* (Canada);

"Tax Return" means any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements required to be or otherwise supplied to a Governmental Entity in connection with Taxes, including any schedule or attachment thereto or amendment thereof;

"Termination Fee" has the meaning given in Section 7.3 [*Termination Fee and Expense Reimbursement*];

"Trade Control Laws" has the meaning given in Section 3.1(ss)(i);

"Transferred Information" means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (a **"Recipient"**) by or on behalf of another Party (a **"Disclosing Party"**) as a result of or in conjunction with the transactions contemplated hereby, and includes all such personal information disclosed to the Recipient prior to the execution of the Agreement;

"Treasury Regulations" means the regulations promulgated under the Code;

"U.S. Exchange Act" means the United States *Securities Exchange Act of 1934*; and

"WARN Act" has the meaning given in Section 3.1(gg)(vi) [*Employment Matters*].

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Recitals, Articles, Sections and Schedules are to Recitals, Articles and Sections of and Schedules to this Agreement.

1.3 Interpretation

In this Agreement words importing the singular number include the plural and vice versa, and words importing any gender include all genders. The term "third party" means any person other than the Company, the Company Subsidiaries, the Purchaser and their respective affiliates.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.6 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

1.7 Accounting Principles

All accounting terms used in this Agreement are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.

1.8 Knowledge

In this Agreement, references to "the knowledge of the Company" means the actual knowledge of each of the Designated Officers after reasonable inquiry, but, subject to the foregoing, does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.9 Subsidiaries

To the extent any covenants or agreements relate, directly or indirectly, to a Company Subsidiary, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Company Subsidiary to perform the required action.

1.10 Interpretation Not Affected by Party Drafting

The Parties acknowledge that their respective legal counsel have reviewed and participated in negotiating, drafting and settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.11 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form an integral part hereof:

Schedule "A" – Special Resolution of the Company Securityholders
Schedule "B" – Plan of Arrangement

ARTICLE II

THE ARRANGEMENT

2.1 Arrangement

The Purchaser and the Company agree that the Arrangement shall be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

2.2 Implementation Steps by the Company

Subject to the terms and conditions of this Agreement, the Company covenants in favour of the Purchaser that the Company shall:

- (a) subject to the terms of this Agreement, as soon as reasonably practicable, but in any event in sufficient time to hold the Company Meeting in accordance with Section 2.2 [*Implementation Steps by the Company*], prepare, file and diligently pursue an application, in a manner reasonably acceptable to the Purchaser under section 192 of the CBCA for the Interim Order;
- (b) subject to the terms of this Agreement and in accordance with the Interim Order (and, subject to adjustment or postponement pursuant to Section 2.2(c), not later than March 26, 2019), convene and hold the Company Meeting for the purpose of considering the Arrangement Resolution in accordance with the Interim Order, the Company Organizational Documents and applicable Laws;
- (c) unless this Agreement shall have been terminated in accordance with Section 8.2 [*Termination*] or as required for quorum purposes, not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting or fail to put the Arrangement Resolution before the Company Securityholders for their consideration without the Purchaser's prior written consent, acting reasonably; *provided, however*, that the Company shall be entitled to adjourn or postpone the Company Meeting without the written consent of the Purchaser to a date determined by the Board following the receipt of an Acquisition Proposal so long as such adjournment or postponement is not later than 10 Business Days after the date on which the Company Meeting was scheduled;
- (d) subject to Section 2.2(i) [*Non-Solicitation*], solicit from the Company Securityholders proxies in favour of the approval of the Arrangement Resolution (which may, as contemplated herein, include the engagement by the Company of a proxy solicitation agent to solicit proxies) and against any resolution that is inconsistent with the Arrangement Resolution and the completion of the transactions contemplated hereby, and, through the Board, recommend that the Company Securityholders vote in favour of the Arrangement;
- (e) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any dealer or proxy solicitation services firm, as requested from time to time by the Purchaser;
- (f) permit the Purchaser to, at its cost, on behalf of the management of the Company, directly or through a soliciting dealer, actively solicit proxies in favour of the Arrangement on behalf of management of the Company in compliance with Law and disclose in the

Company Circular that the Purchaser may make such solicitations;

- (g) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to Dissent Rights without the prior written consent of the Purchaser;
- (h) not change the Record Date for the Company Securityholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting;
- (i) at the reasonable request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the Company Shareholders, together with their addresses and respective holdings of Common Shares, (ii) the names, addresses and holdings of all persons having rights issued by the Company to acquire Common Shares (including holders of Company Options and rights under the Company Incentive Plan), and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Common Shares, together with their addresses and respective holdings of Common Shares. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Company Securityholders, and lists of securities positions and other assistance as the Purchaser may reasonably request in order to be able to communicate with respect to the Arrangement with the Company Securityholders;
- (j) at the request of the Purchaser, adjourn or postpone the Company Meeting to a date specified by the Purchaser that is not later than 10 Business Days after the date on which the Company Meeting was originally scheduled and in any event to a date that is not later than five (5) Business Days prior to the Outside Date;
- (k) subject to obtaining such approvals as are required by the Interim Order and if the Arrangement Resolution is passed at the Company Meeting, proceed with and diligently pursue the application to the Court for the Final Order not later than three Business Days after the Arrangement Resolution is passed at the Company Meeting and thereafter use its reasonable commercial efforts to obtain the Final Order; and
- (l) subject to obtaining the Final Order: (i) file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Director; and (ii) obtain the Certificate of Arrangement from the Director.

2.3 Interim Order

The notice of originating application for the Interim Order referred to in Section 2.2 *[Implementation Steps by the Company]* shall request that the Interim Order provide, among other things:

- (a) for the calling and holding of the Company Meeting, including the confirmation of the Record Date for determining the classes of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;
- (b) that the Company Securityholders shall be entitled to vote with respect to the Arrangement Resolution, with each Company Securityholder being entitled to one vote

for each Common Share or each Company Option held;

- (c) that, subject to the approval of the Court, the requisite approval for the Arrangement Resolution by the Company Securityholders shall be not less than: (i) 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting; and (ii) 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by the Company Securityholders present in person or represented by proxy at the Company Meeting voting together as a single class (the "**Securityholders' Vote**");
- (d) that the terms, restrictions and conditions of the Company Organizational Documents, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;
- (e) for the grant of the Dissent Rights to registered Company Securityholders in the manner contemplated in the Plan of Arrangement;
- (f) for the notice requirements with respect to the presentation of the application to the Court for a Final Order;
- (g) that the Company Meeting may be adjourned or postponed from time to time in accordance with this Agreement without the need for additional approval by the Court;
- (h) that the Record Date for the Company Securityholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Securities Laws; and
- (i) for such other matters as the Purchaser may reasonably require, subject to the prior written consent of the Company, such consent not be unreasonably withheld or delayed.

2.4 Filing Articles of Arrangement and Issuance of Certificate of Arrangement

As soon as is reasonably practicable, but, subject to the last sentence of this Section 2.4, in no event later than the third Business Day after the satisfaction or waiver (subject to applicable Laws) of the conditions set forth in Article VI (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as at the Closing Date), and unless another time or date is agreed to in writing by the Parties (the "**Closing Date**"), the Company shall send to the Director the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement and the Director shall then issue the Certificate of Arrangement giving effect to the Arrangement. Notwithstanding any of the foregoing, in no event shall the "Closing Date" be earlier than April 2, 2019.

2.5 Closing

The closing of the transactions contemplated hereby and by the Arrangement will take place at the offices of Bennett Jones LLP, in Calgary, Alberta, on the Closing Date.

2.6 The Company Circular

Subject to compliance with Section 2.7 [*Preparation of the Company Circular*], as promptly as reasonably practicable after the execution and delivery of this Agreement, the Company shall prepare, in

consultation with the Purchaser, the Company Circular together with any other documents required by Securities Laws or other applicable Laws in connection with the Company Meeting required to be filed or prepared by the Company, and, as promptly as is reasonably practicable after the execution and delivery of this Agreement and obtaining the Interim Order, the Company shall, unless otherwise agreed by the Parties, cause the Company Circular and other documentation required in connection with the Company Meeting to be sent to the Company Securityholders and be filed as required by the Interim Order and applicable Laws. The Company Circular shall (i) attach a copy of the Fairness Opinion, and (ii) state that the Board has: (a) received a copy of the Fairness Opinion and has determined that the Arrangement is in the best interests of the Company and fair to the Company Securityholders after receiving legal and financial advice; (b) approved the Arrangement, this Agreement and the transactions contemplated hereby; and (c) resolved to recommend that the Company Securityholders vote in favour of the Arrangement Resolution.

2.7 Preparation of the Company Circular

- (a) The Parties shall cooperate in the preparation, filing and mailing of the Company Circular and other related Company Meeting documents. The Company shall promptly provide the Purchaser and its legal counsel and representatives with a reasonable opportunity to review and comment on the drafts of the Company Circular and other related Company Meeting documents, including by providing, on a timely basis, a description of any information required to be supplied by the Purchaser for inclusion in the Company Circular, prior to its mailing to the Company Securityholders and filing in accordance with the Interim Order and applicable Laws and the Company shall accept the reasonable comments of the Purchaser and its legal counsel with respect to any such information required to be supplied by the Purchaser and included in the Company Circular and other related Company Meeting documents and any other matters described in the Company Circular. The Company agrees that all information relating solely to the Purchaser included in the Company Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.
- (b) The Purchaser shall provide the Company with any information concerning the Purchaser for inclusion in the Company Circular that may be required under applicable Laws or is otherwise reasonably requested by the Company.
- (c) The Company shall ensure that the Company Circular (other than with respect to the information concerning the Purchaser or provided by the Purchaser and included in the Company Circular as provided by the Purchaser) complies with the Interim Order and all applicable Laws, provides the Company Securityholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before the Company Meeting and, without limiting the generality of the foregoing, that the Company Circular does not, at the time of mailing the Company Circular, contain any misrepresentation other than with respect to the information concerning the Purchaser or provided by the Purchaser and included in the Company Circular.
- (d) The Purchaser shall ensure that the information provided by it for inclusion in the Company Circular (which information shall be limited to that provided by written document and identified for inclusion in the Company Circular) does not, at the time of the mailing the Company Circular, contain any misrepresentation.
- (e) Each of the Parties shall promptly notify the other Parties if at any time before the

Effective Time it becomes aware: (i) that the Company Circular, an application for the HSR Approval or any other order, registration, consent, circular, filing, ruling, exemption or other approval under applicable Laws contains a misrepresentation; or (ii) of information that otherwise requires an amendment or supplement to the Company Circular, or other filing, as applicable, and the Parties shall cooperate in the preparation of such amendment or supplement as required. The Company shall promptly distribute to the Company Securityholders and file with the Securities Authorities or any other Governmental Entity such amendment or supplement.

- (f) The Company will promptly inform the Purchaser of any requests or comments made by Securities Authorities in connection with the Company Circular. The Company shall diligently do all such acts and things as may be necessary in the manner contemplated in the context of the preparation of the Company Circular and use its reasonable commercial efforts to resolve all requests or comments made by such Securities Authorities with respect to the Company Circular and any other required filings under applicable Securities Laws as promptly as practicable after receipt thereof, with the reasonable cooperation of the Purchaser.

2.8 Court Proceedings

The Company shall provide the Purchaser and its legal counsel with a reasonable opportunity to review and comment upon drafts of the Interim Order, the Final Order and all other material to be filed with the Court in connection with the Arrangement, including by providing, on a timely basis, a description of any information required to be supplied by the Purchaser for inclusion in such material, prior to the service and filing of that material, and the Company shall accept the reasonable comments of the Purchaser and its legal counsel with respect to any such information required to be supplied by the Purchaser and included in such material and any other matters contained therein. The Company shall ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. In addition, the Company shall not object to legal counsel to the Purchaser making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that such submissions are consistent with this Agreement and the Plan of Arrangement and provided further that the Company and its legal counsel are advised of the nature of any such submissions prior to the hearing. The Company shall also provide legal counsel to the Purchaser on a timely basis with copies of any notice, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order, the application for the Final Order or any appeal from them and any notice, written or oral, indicating the intention of any person to appeal or oppose the granting of the Interim Order or the Final Order. Subject to applicable Laws, the Company shall not file any material with, or make any submissions to, the Court in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except as contemplated hereby or with the Purchaser's prior written consent, such consent not to be unreasonably withheld or delayed; provided that nothing herein shall require the Purchaser to agree or consent to any increased Cash Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations set forth in any such filed or served materials or under this Agreement. The Company shall oppose any proposal from any person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, the Purchaser.

2.9 Public Communications

The initial news release with respect to this Agreement, the Arrangement and/or the transactions with respect thereto shall be mutually agreed to by the Company and the Purchaser. The Parties shall not issue, or permit any of its directors, officers, employees or agents to issue, any news releases or otherwise make public statements or disclosure with respect to this Agreement, the Arrangement and/or the transactions with respect thereto from the date hereof until the Effective Time without the consent of the other Parties, which consent shall not be unreasonably withheld or delayed, and the Company must not make any filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the Purchaser, which consent shall not be unreasonably withheld or delayed; provided that any Party that is required to make public statements or disclosure under applicable Law, including, for greater certainty, in order to fulfill continuous disclosure obligations under Securities Laws or the fiduciary duties of the applicable board of directors, shall be allowed to so notwithstanding the provisions of this Section 2.9 and in doing so shall use its commercially reasonable best efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), taking into account the time constraints to which it is subject as a result of such Law. The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. For greater certainty, this Section 2.9 is subject to Section 7.3 and Section 8.2.

2.10 Fairness Opinion

The Company represents and warrants that as of the date hereof it: (a) has received an opinion of the Financial Advisor to the effect that, subject to the assumptions, limitations, and qualifications set forth therein and as at such date, the Cash Consideration to be received by the Company Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Company Shareholders and that such Fairness Opinion has not been withdrawn, revoked or modified; and (b) has been advised by the Financial Advisor that the Financial Advisor will provide a written opinion to that effect for inclusion in the Company Circular.

2.11 Withholding Taxes

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable under the Plan of Arrangement such amounts as the Purchaser, the Company and the Depositary, as applicable, are required (as determined by the withholding party in its discretion, acting reasonably) to deduct and withhold from such consideration in accordance with applicable Laws with respect to Taxes. Any such amounts so deducted and withheld shall be remitted to the appropriate Governmental Entity on a timely basis in accordance with applicable Laws. Provided that all such amounts are remitted to the appropriate Governmental Entity, any such amounts deducted and withheld from the consideration payable pursuant to the Plan of Arrangement shall be treated for all purposes as having been paid to the person in respect of which such deduction, withholding and remittance was made.

2.12 Treatment of Company Options

- (a) The Parties agree that the Board or a committee thereof shall approve the accelerated vesting of all Company Options effective immediately prior to the Effective Time and conditional upon the completion of the Arrangement and all such other matters as may be necessary or desirable in order that all Company Options will be fully vested and may be exercised or surrendered in accordance with their terms and pursuant to the Plan of

Arrangement, including any necessary amendments (subject to the approval of the Purchaser, acting reasonably) to the Stock Option Plan to give effect to the foregoing.

- (b) The Company shall use reasonable commercial efforts to obtain an Option Exercise or Surrender Agreement, in a form satisfactory to the Purchaser, acting reasonably, from each Company Optionholder, not less than three Business Days prior to the date on which application will be made for the Final Order, pursuant to which such Company Optionholder agrees, pursuant to and at the times contemplated under the Plan of Arrangement, to either: (i) exercise his or her Company Options for Common Shares upon payment of the exercise price and any applicable withholding taxes; or (ii) surrender his or her Company Options in consideration for a cash payment from the Company equal to the amount (if any) by which the Cash Consideration multiplied by the number of Common Shares subject to such Company Options exceeds the aggregate exercise price of such Company Options (or a nominal amount, if "out of the money"), less all applicable withholding Taxes.
- (c) The Parties acknowledge that no deduction will be claimed by the Company in respect of any cash payment made to a Company Optionholder pursuant to the surrender of Company Options on the basis described above in computing the Company taxable income for the purposes of the Tax Act and the Company shall and the Purchaser shall cause the Company to: (i) elect in prescribed form and in the prescribed manner pursuant to subsection 110(1.1) of the Tax Act that neither the Company nor any person not dealing at arm's length with the Company for the purposes of the Tax Act, will deduct, in computing its income for the purposes of the Tax Act, the amount of any cash payments made to the Company Optionholders pursuant to the surrender of Company Options on the basis described above; and (ii) provide the Company Optionholders who received a cash payment on the surrender of Company Options with evidence in writing of such election; provided that such election shall be made only if, and to the extent, that the applicable Company Optionholder is entitled to the deduction under paragraph 110(1)(d) of the Tax Act, as determined by the Company and the Purchaser, jointly, acting reasonably.

2.13 Treatment of the Company Incentive Plan Awards

- (a) All outstanding Company DSUs are held by directors of the Company. Immediately following the Acquisition, at the time specified in the Plan of Arrangement, all such directors of the Company shall resign (in consultation with the Purchaser and serially so as to appoint replacement nominees of the Purchaser) and, as a consequence of such resignation, the Parties acknowledge that each will have ceased to be an employee, officer or director of the Company or any affiliate (within the meaning of section 5(c)(iii) of the Company Incentive Plan). As such, all outstanding Company DSUs will be redeemed in accordance with the Plan of Arrangement and section 5 of the Company Incentive Plan with the redemption price based on the Cash Consideration payable pursuant to the Arrangement, and the Company shall pay the applicable amounts, less applicable withholdings, to the holders of the Company DSUs in accordance therewith.
- (b) Each Company PSU outstanding immediately prior to the Effective Time (whether vested or unvested), shall be deemed to be unconditionally vested and, notwithstanding the terms of the Company Incentive Plan, shall, without any further action by or on behalf of a holder of the Company PSUs, pursuant to and at the times specified in the Plan of

Arrangement, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company, calculated based on the Cash Consideration payable pursuant to the Arrangement, less applicable withholdings, and each such Company PSU shall immediately be cancelled.

2.14 Application of Funds by Depositary

Upon completion of the Arrangement, the Purchaser shall cause the Depositary to apply the funds deposited with the Depositary as contemplated in Section 6.3(c) [*Additional Conditions Precedent to the Obligations of the Company*] to make the payments required by the Plan of Arrangement.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Representations and Warranties

The Company represents and warrants to and in favour of the Purchaser as follows:

- (a) Board Approval. As of the date hereof, the Board, after consultation with its financial and legal advisors, has: (i) determined that the Arrangement is in the best interests of the Company and fair to the Company Securityholders; and (ii) resolved to recommend that the Company Securityholders vote in favour of the Arrangement Resolution. The Board has approved the Arrangement and the execution and delivery of this Agreement and the performance of the terms hereof by the Company and no action has been taken to amend or supersede such determinations, resolutions or approvals. The Board has received a Fairness Opinion from the Financial Advisor to the effect that, as of the date hereof and subject to the assumptions, limitations and qualifications set forth therein, the Cash Consideration to be received by the Company Shareholders in connection with the Arrangement is fair, from a financial point of view, to the Company Shareholders. The nature of the Company's disclosure expected to be made in the Company Circular concerning the Board's approval of the Arrangement is as set forth in the Disclosure Letter.
- (b) Organization. The Company and each of the Company Subsidiaries is a corporation or partnership duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, amalgamation or formation, as the case may be, and has the requisite corporate or partnership power, capacity and authority, as applicable, to own its properties and assets and to carry on its businesses as it is currently being conducted.
- (c) Qualification. The Company and each of the Company Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not be material to the Company Group.
- (d) Authority Relative to this Agreement. The Company has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery and performance by the Company of this Agreement and the consummation by the Company of the Arrangement and the other transactions contemplated hereby have been duly authorized by the Board and, subject to the grant of the Interim Order and the Final Order by the Court, the approval of the Arrangement

Resolution by the Company Securityholders at the Securityholders' Vote in accordance with the Interim Order and the HSR Approval, no other proceedings on the part of the Company are or will be necessary to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.

- (e) No Violations. Except as set forth in Section 3.1(e) of the Disclosure Letter, none of the execution and delivery and performance of this Agreement by the Company, the consummation by the Company of the Arrangement or any of the transactions contemplated by this Agreement or compliance by the Company with any of the provisions hereof will:
- (i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which with or without notice or lapse of time or both, would constitute a default) under (A) the Company Organizational Documents or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, Lien, or other Material Contract to which the Company or any of the Company Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which the Company or any of the Company Subsidiaries is bound;
 - (ii) subject to obtaining the HSR Approval and the Securityholders' Vote and except for complying with applicable corporate and Securities Laws, (A) violate, conflict with, or result in a breach of, any Law applicable to the Company or any of the Company Subsidiaries or any of their respective properties or assets, or (B) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which with or without notice or lapse of time or both, would constitute a default) under or cause the suspension or revocation of any Authorization currently in effect;
 - (iii) result in any restriction on the Company or any of the Company Subsidiaries from engaging in their respective businesses, as now conducted, or from competing with any person or in any geographical area and does not and will not trigger or cause to arise any rights of any person under any contract or arrangement to restrict the Company or any of the Company Subsidiaries from engaging in their respective businesses, as now conducted; or
 - (iv) result in the creation or imposition of any Lien upon any of the Company Assets (other than Permitted Liens);
- (except, in the case of each of clause (i) and (iv) above, for such violations, conflicts, breaches, or defaults, if not given or received, would not reasonably be expected to be materially adverse to the Company Group or to prevent, materially impede or significantly delay the ability of the Company to consummate the Arrangement).
- (f) Legal Impediments; Government Approvals. Subject to obtaining the HSR Approval and obtaining the requisite approval of the Company Securityholders:

- (i) there is no legal impediment to the consummation of the Arrangement by the Company; and
 - (ii) no filing, recording, or registration with, or Authorization of, action by or notification to, any Governmental Entity is required to be made or obtained by the Company or any Company Subsidiary in connection with the consummation of the Arrangement except for such filings, recordings or registrations that, if not made, and such Authorizations that, if not received, would reasonably be expected to be materially adverse to the Company Group.
- (g) Capitalization. The authorized capital of the Company consists of an unlimited number of Common Shares. As of the date hereof, 30,559,648 Common Shares are issued and outstanding. All such issued and outstanding Common Shares have been duly authorized, validly issued and are fully paid and non-assessable. All of the Common Shares issuable upon the exercise of the rights under the Stock Option Plan or the Company Incentive Plan, including pursuant to Section 2.12 [*Treatment of Company Options*], have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of any pre-emptive rights. No Common Shares have been issued and no Company Options have been granted in material violation of any Law, or any violation of pre-emptive or similar rights applicable to them.
- (h) Convertible or Exchangeable Securities. Except as set forth in Section 3.1(h) of the Disclosure Letter, as at the date of this Agreement, no person holds any securities convertible into or exchangeable for Common Shares or any other securities of the Company or any of the Company Subsidiaries or, has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option, right or privilege (whether or not on condition(s)) for the purchase or other acquisition of any unissued Common Shares or any other securities of the Company or any of the Company Subsidiaries.
- (i) Subsidiaries and Other Interests. Except as set forth in Section 3.1(i) of the Disclosure Letter, other than the Company Subsidiaries, the Company has no subsidiaries and does not beneficially hold any securities or other interests, or securities convertible into or exchangeable for securities or other interests, of any other person. All of the issued and outstanding securities of each of the Company Subsidiaries are duly authorized, validly issued, fully paid and non-assessable, no such securities have been issued in violation of any pre-emptive or similar rights and all such securities are owned, directly or indirectly, by the Company, free and clear of all Liens and are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments regarding the right to acquire any such securities or assets of the Company Subsidiaries. The following information with respect to each subsidiary of the Company is accurately set out in Section 3.1(i) of the Disclosure Letter: (i) its name; (ii) the number, type and principal amount, as applicable, of its outstanding equity securities or other equity interests and a list of registered holders of capital stock or other equity interests; and (iii) its jurisdiction of incorporation, organization or formation.
- (j) Equity Monetization Plans. The particulars of the Company Options, Company DSUs, Company PSUs and Company RSUs are set forth in Section 3.1(j) of the Disclosure

Letter. There are no Company RSUs issued and outstanding. Other than the Company Options, the Company DSUs, the Company PSUs, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any director, officer or Company Employee and which are based upon the revenue, value, income or any other attribute of the Company or the Company Subsidiaries.

- (k) Outstanding Indebtedness. As of December 31, 2018, the only outstanding Indebtedness of the Company and the Company Subsidiaries (excluding any Indebtedness between the Company and any of the Company Subsidiaries) is set forth in Section 3.1(k) of the Disclosure Letter.
- (l) Bankruptcy and Insolvency Matters. (i) No action or proceeding has been commenced or filed by or against the Company or any of the Company Subsidiaries which seeks or would reasonably be expected to lead to (A) receivership, bankruptcy, a commercial proposal or similar proceeding of the Company or any of the Company Subsidiaries, (B) the adjustment or compromise of claims against the Company or any of the Company Subsidiaries or (C) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for the Company or any of the Company Subsidiaries or any portion of their assets, and no such action or proceeding has been authorized or is being considered by or on behalf of the Company or any of the Company Subsidiaries and no creditor or Company Shareholder has, to the knowledge of the Company, threatened to commence or advised that it may commence, any such action or proceeding; and (ii) neither the Company nor any of the Company Subsidiaries (A) has made, or is considering making, an assignment for the benefit of their respective creditors, or (B) has requested, or is considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its respective Indebtedness.
- (m) Reporting Issuer Status and Securities Law Matters. The Company is a reporting issuer under the Securities Laws in force in the provinces of British Columbia, Alberta, Ontario and Québec and the Company is not currently in default, in any material respect, of any requirement of the Securities Laws of such jurisdictions. The Company has not taken any action to cease to be a reporting issuer in any province or territory nor has the Company received notification from any Securities Authority seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company is pending, in effect, has been threatened, or is expected to be implemented or undertaken except following the completion of the transactions contemplated herein, and to the knowledge of the Company, the Company is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.
- (n) Stock Exchange Listings. The Common Shares are listed and posted for trading on the Exchange and the Company is in compliance in all material respects with the policies and requirements of the Exchange.
- (o) Company Public Disclosure Record. The information and statements set forth in the Company Public Disclosure Record (other than any portion of the Company Public Disclosure Record that is forward-looking or relates to projections, estimates or forecasts ("**Company Forward-Looking Information**")) complied with Law in all material

respects and were true, correct and complete in all material respects and did not contain any misrepresentation as of the respective dates of such information or statement, except as set forth in Section 3.1(o) of the Disclosure Letter. With respect to any the Company Forward-Looking Information included in the Company Public Disclosure Record, such opinions or views are subject to the qualifications and provisions provided with such Company Forward-Looking Information and were, at the applicable time, believed to be reasonable at the time they were provided.

- (p) Absence of Certain Changes. Since December 31, 2017 to the date hereof:
 - (i) there has not been a Material Adverse Effect;
 - (ii) the Company Group has conducted its respective business in the ordinary course of business, consistent with past practice; and
 - (iii) except as disclosed in the Company Financial Statements, no liability or obligation of any nature or kind whatsoever (whether absolute, accrued, contingent, determined, determinable or otherwise) material to the Company Group (taken as a whole) has been incurred other than in the ordinary course of business, consistent with past practice.
- (q) Litigation. Except as set forth in Section 3.1(q) of the Disclosure Letter, there are no Legal Actions against or involving the Company, any of the Company Subsidiaries or in respect of their respective businesses, properties or assets or former properties or assets (whether in progress, pending or, to the knowledge of the Company, contemplated or threatened), that if adversely determined, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or prevent, significantly impede or materially delay the completion of the Arrangement contemplated hereby and, to the knowledge of the Company, no event has occurred that might reasonably be expected to give rise to any Legal Action that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or to prevent, significantly impede or materially delay the completion of the Arrangement contemplated hereby.
- (r) Financial Statements. The Company Financial Statements fairly present, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise), consolidated financial position, results of operations or financial performance and cash flows of the Company and the Company Subsidiaries as at the dates thereof and for the periods covered by such Company Financial Statements. The Company Financial Statements have been prepared in accordance with GAAP applied on a consistent basis for the periods covered.
- (s) No Undisclosed Material Liabilities. Except (i) as disclosed in writing or reflected, disclosed or reserved against in the Company Financial Statements, and (ii) for liabilities and obligations (A) incurred in the ordinary course of business and consistent with past practice since December 31, 2017 and not materially adverse to the Company Group, or (B) pursuant to the terms of this Agreement, the Company Group has no material Indebtedness or other liabilities (whether absolute, accrued, contingent, determined, determinable or otherwise).
- (t) Compliance with Laws. The Company and the Company Subsidiaries have complied, and are in compliance, with all applicable Laws, in all material respects. Neither the

Company nor any of the Company Subsidiaries or their respective officers or directors (acting in such capacity) has been convicted of any crime, has engaged in any conduct that would reasonably be expected to result in material liability or disqualification by a Governmental Entity, or has been charged with, or has received notice of, any material violation of, or to the Company's knowledge is under any investigation with respect to, or has been threatened to be charged with, any material violation of any Law or disqualification by a Governmental Entity.

- (u) Cease Trade Orders. No Securities Authority has issued any order that is currently outstanding preventing or suspending trading in the Common Shares and no such proceeding is, to the knowledge of the Company, pending, contemplated or threatened.
- (v) Brokers. Except for the Financial Advisor, the Company has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, the Arrangement or the transactions contemplated hereby.
- (w) Shareholder Rights Plan. The Company and the Company Subsidiaries are not a party to any shareholder rights plan.
- (x) Environment. Except as set forth in Section 3.1(x) of the Disclosure Letter:
 - (i) each of the Company and the Company Subsidiaries are currently in compliance, in all material respects, with all, and have not violated, in any material respect, any, applicable Environmental Laws;
 - (ii) (A) none of the Company or the Company Subsidiaries have Released, and, to the knowledge of the Company, no other person has Released, any Hazardous Substances (in each case except in compliance with applicable Environmental Laws) in contravention of applicable Environmental Laws on, at, in, under or from Company Properties comprising the Company Assets currently or previously owned, leased or operated by the Company or the Company Subsidiaries, or, to the knowledge of the Company, on, at, in, under or from properties adjacent to such Company Properties, in a manner that would result in material liability under Environmental Laws, and (B) there are no Hazardous Substances or other conditions that would reasonably be expected to result in material liability of or adversely affect the Company or the Company Subsidiaries under or related to any applicable Environmental Law on, at, in, under or from any Company Properties comprising the Company Assets currently or previously owned, leased or operated by the Company or the Company Subsidiaries;
 - (iii) all Releases pertaining to or affecting the Company Assets have been reported to the appropriate Governmental Entity to the extent required by applicable Environmental Laws. The Company and Company Subsidiaries have manufactured, pressed, distributed, used, treated, stored, disposed of, transported or handled Hazardous Substances in compliance with all Environmental Laws;
 - (iv) there are no pending Legal Actions or, to the knowledge of the Company, threatened Legal Actions against the Company or any of the Company

Subsidiaries arising out of any applicable Environmental Laws;

- (v) the Company and the Company Subsidiaries have not received: (A) any notice, order, directive or penalty which arises out of applicable Environmental Laws which requires any restoration, rehabilitation, decommissioning, work, repairs, construction or capital expenditures by the Company or the Company Subsidiaries that has not been completed or fully complied with; or (B) any written demand, notice or complaint with respect to the breach or alleged or possible breach of any applicable Environmental Laws by the Company or any Company Subsidiary and the Company and the Company Subsidiaries are not aware of any facts or circumstances that would reasonably be expected to give rise to any such notice, order, directive, demand, complaint or penalty.
- (vi) except for the Permitted Liens, no Liens in favour of a Governmental Entity arising under Environmental Laws, affecting the Company, the Company Subsidiaries or the Company Assets, are pending or, to the knowledge of the Company, are threatened;
- (vii) the Company and the Company Subsidiaries are in possession of, and in compliance with, all material environmental Authorizations and Permits that are required to own, lease, develop and operate the Company Assets;
- (viii) the Company has no material environmental assessments, reports, audits and other documents in its possession (to the extent not superseded by a subsequent assessment, report, audit or other document, as applicable) relating to the current or past environmental condition of any of the Company Properties or Company Assets that has not previously been disclosed to the Purchaser in writing;
- (ix) except as set out in the Disclosure Letter, and except as required pursuant to Environmental Laws, neither the Company nor any Company Subsidiary has by contract expressly assumed responsibility for or agreed to indemnify or hold harmless any person for any liability or obligation arising under Environmental Laws; and
- (x) to the knowledge of the Company, there has been no written notice from any Governmental Entity with respect to the amendment (in any materially adverse manner) or cancellation of any of the Permits.
- (y) Books and Records. The corporate records and minute books, books of account and other records of the Company and each of the Company Subsidiaries (whether of a financial or accounting nature or otherwise) have been maintained, in all material respects, in accordance with applicable Laws and prudent business and accounting practices and are complete and accurate in all material respects.
- (z) Taxes.
 - (i) All material Returns required to be filed by the Company and the Company Subsidiaries prior to the date hereof have been duly filed and are true, complete and correct in all material respects.
 - (ii) All Taxes shown to be payable on or before the date hereof on such Returns or on

subsequent assessments and re-assessments with respect thereto have been paid in full.

- (iii) The Company has and the Company Subsidiaries have made all withholdings and deductions in respect or on account of any Tax as the Company is or the Company Subsidiaries are obliged or entitled to make and have properly and duly accounted in full and in a timely manner to the relevant Governmental Entity for all amounts so withheld or deducted.
- (iv) To the knowledge of the Company, except as set forth in Section 3.1(z)(iv) of the Disclosure Letter, the Company and the Company Subsidiaries have not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time: (i) to file any Return covering any Taxes for which they are or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which they are or may be liable; (iii) pursuant to which they are required to pay or remit any Taxes or amounts on account of Taxes; or (iv) pursuant to which any Governmental Entity may assess, reassess or collect Taxes for which they are or may be liable.
- (v) The Company and the Company Subsidiaries have paid or provided adequate accruals in the Company Financial Statements for Taxes, including income Taxes and related future Taxes, in accordance with GAAP at the applicable date.
- (vi) No material deficiencies exist or have been asserted in respect of the Company or the Company Subsidiaries with respect to Taxes. The Company and the Company Subsidiaries are not a party to any action or proceeding for assessment, reassessment or collection of Taxes, nor, to the knowledge of the Company, has such event been asserted or threatened in writing against the Company, the Company Subsidiaries or any of the Company Assets.
- (vii) Since December 31, 2015, the Returns of the Company and the Company Subsidiaries have not been audited by a Governmental Entity, nor is any such audit, assessment, reassessment, claim, action, suit, investigation or proceeding in process or, to the knowledge of the Company, pending or threatened, which resulted in or could result in a claim for Taxes owing by the Company or the Company Subsidiaries, except as set forth in Section 3.1(z)(vii) of the Disclosure Letter or where such audit, assessment, reassessment, claim, action, suit, investigation or proceeding would not reasonably be expected to be materially adverse to the Company Group. There are no facts of which the Company is aware which would constitute grounds for the assessment or reassessment of Taxes payable by the Company or any of the Company Subsidiaries except where such assessment or reassessment would not reasonably be expected to be materially adverse to the Company Group. The Company and the Company Subsidiaries have withheld all Taxes required to be withheld by applicable Laws and have paid or remitted, the full amount of any Taxes which have been withheld to the applicable Governmental Entity except where such withholding, payment or remittance would not be materially adverse to the Company Group.
- (viii) Neither the Company nor any of the Company Subsidiaries has entered into any arrangement (including but not limited to "rulings") with any Governmental

Entity with regard to Taxes nor is subject to a special regime with regard to (the payment of) Taxes and no Tax Authority has operated or agreed to operate any special arrangement (being an arrangement which is not directly based on relevant legislation or published practice) in relation to the affairs of the Company or the Company Subsidiaries

- (ix) Neither the Company nor any of the Company Subsidiaries has any liability for Taxes of any person (other than a member of the Company Group) under Treasury Regulation Section 1.1502-6 (or any comparable or similar provision of state, local, or foreign Tax Legal Requirements), as a transferee or successor, or pursuant to any contractual obligation (other than a contract entered into in the ordinary course of business the primary purpose of which does not relate to Taxes).
- (x) The Company is a "taxable Canadian corporation" for the purposes of the Tax Act.
- (xi) Within the past six (6) years, no claim has been made by a Governmental Entity in respect of Taxes in a jurisdiction where the Company or the Company Subsidiaries do not file Returns that the Company or the Company Subsidiary is or may be subject to Tax by that jurisdiction, other than customary withholding or other Taxes applicable to passive income earned in such jurisdiction.
- (xii) The Company and the Company Subsidiaries are duly registered for the purposes of Tax in their respective countries of incorporation and in any other country where such registration is required.
- (xiii) Each member of the Company Group that is an entity organized in the United States is not and was not a United States real property holding corporation at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code in connection with the transactions contemplated by this Agreement.
- (xiv) Neither the Company nor any of the Company Subsidiaries has (A) participated in any reportable transaction within the meaning of Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or foreign Tax Legal Requirements) or (B) taken any reporting position on a Tax Return, which reporting position (i) if not sustained would be reasonably likely, absent disclosure, to give rise to a penalty for substantial understatement of federal income Tax under Section 6662 of the Code (or any similar provision of state, local, or foreign Tax Legal Requirements), and (ii) has not adequately been disclosed on such Tax Return in accordance with Section 6662(d)(2)(B) of the Code (or any similar provision of state, local, or foreign Tax Legal Requirements).
- (xv) Neither the Company nor any of the Company Subsidiaries will be required, and, with respect to the Company and/or any of the Company Subsidiaries, will not be required, to include in a taxable period ending after the Closing Date material items of taxable income attributable to income that accrued in a taxable period prior to the Closing Date but was not recognized for Tax purposes in such prior taxable period (or to exclude from the computation of taxable income in a taxable period ending after the Closing Date material items of deduction the recognition

of which was accelerated from such taxable period to a taxable period prior to the Closing Date) as a result of the installment method of accounting, the completed contract method of accounting, the long-term contract method of accounting, the cash method of accounting, Section 481 of the Code or Section 108(i) of the Code or comparable provisions of state, local or foreign Tax Legal Requirements, any prepaid amount received on or prior to the Closing Date or any amounts received on or before the Closing Date with respect to any deferred revenue liability that is assumed by the Purchaser pursuant to this Agreement.

- (xvi) Any adjustment of Taxes of or with respect to the Company and/or any of the Company Subsidiaries made by the IRS, which adjustment is required to be reported to the appropriate U.S. state or local Governmental Authorities, has been so reported.
- (xvii) Neither the Company nor any of the Company Subsidiaries has, executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of state, local or foreign Tax Legal Requirements, and neither the Company nor any of the Company Subsidiaries is subject to any private letter ruling of the IRS or comparable ruling of any other Governmental Entity.
- (xviii) Each of the Company and the Company Subsidiaries has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or Section 361 of the Code.
- (xix) Each of the Company and the Company Subsidiaries has provided to the Purchaser all documentation relating to any applicable Tax holidays or incentives. Each of the Company and the Company Subsidiaries is in compliance with the requirements for any applicable Tax holidays or incentives and none of the Tax holidays or incentives will be jeopardized by the transactions contemplated in this Agreement.
- (xx) None of the assets of the Company nor any of the Company Subsidiaries are an interest in an entity or arrangement classified as a partnership for United States federal, state, local or foreign Tax purposes.
- (xxi) Neither the Company nor any of the Company Subsidiaries has previously liquidated in a transaction that is taxable for U.S. federal income tax purposes.
- (xxii) Neither the Company nor any of the Company Subsidiaries has a permanent establishment or other taxable presence in any foreign country, as determined pursuant to any applicable Tax treaty or convention with such foreign country or other applicable Legal Requirements.
- (xxiii) The Company and each of the Company Subsidiaries has complied in all material respects with the applicable requirements of Section 482 of the Code, the Treasury Regulations promulgated thereunder, Section 247(4)(a) to (c) of the Tax Act, and any comparable state, provincial, local, or foreign Tax Legal Requirements.
- (xxiv) None of the assets of the Company and the Company Subsidiaries are properly

treated as owned by a person other than a Company Group member for U.S. income Tax purposes.

- (xxv) Each of the Company and the Company Subsidiaries has duly and timely collected all material amounts on account of any sales or transfer taxes, including goods and services, value added taxes, harmonized sales and state, provincial or territorial sales taxes, required by Legal Requirements to be collected by them and have duly and timely remitted to the appropriate Governmental Entity any such amounts required by applicable Legal Requirements to be remitted by them.
- (aa) No Guarantees. Except as set forth in Section 3.1(aa) of the Disclosure Letter, the Company and the Company Subsidiaries are not a party to or bound by any agreement, guarantee, indemnification, endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or Indebtedness of any person who is not a member of the Company Group.
- (bb) Intellectual Property.
 - (i) Section 3.1(bb)(i) of the Disclosure Letter lists the patents, patent applications, trademark registrations, trademark applications, trade names, domain names, industrial designs, and copyright registrations owned or validly licensed by the Company or a Company Subsidiary, and such registrations, applications and licenses are in good standing and in the name of the Company or the Company Subsidiary listed thereon in the applicable registries or government offices.
 - (ii) All Company Intellectual Property and Intellectual Property Rights that are owned by or licensed to the Company or the Company Subsidiaries are sufficient, in all respects, for conducting the business, as presently conducted, of the Company and the Company Subsidiaries and, to the knowledge of the Company, are valid and enforceable.
 - (iii) Except for:
 - (A) matters that would not reasonably be expected to be materially adverse to the Company Group, and
 - (B) matters specifically referenced in Section 3.1(bb)(iii)(B) of the Disclosure Letter,neither the Company nor any of the Company Subsidiaries has received any written notice from any person challenging the validity or ownership of the Company Intellectual Property, nor any written notice from any person alleging that the conduct by the Company or the Company Subsidiaries of their respective businesses or the use of the Company Intellectual Property has infringed or is infringing any Intellectual Property Rights of any person.
 - (iv) To the knowledge of the Company, except as set forth in Section 3.1(bb) of the Disclosure Letter, the Company Intellectual Property is not being infringed, violated or misappropriated by any person.
 - (v) The carrying on of the business of the Company and the Company Subsidiaries

and the use by the Company and the Company Subsidiaries of any of the Company Intellectual Property or Intellectual Property Rights owned by or licensed to them does not, to the Company's knowledge, breach, violate, infringe or interfere with any rights of any other person.

(cc) Material Contracts.

- (i) True and complete copies of the Material Contracts have been disclosed in the Data Room Materials and are listed in Section 3.1(cc) of the Disclosure Letter (other than purchase orders delivered by customers of the Company Group in the ordinary course of business as further set described in Section 3.1(cc) of the Disclosure Letter).
- (ii) Except as set forth in Section 3.1(cc) of the Disclosure Letter, each Material Contract has been duly executed and delivered by the Company or a Company Subsidiary, as applicable, and is a legal, valid and binding obligation of the Company or the Company Subsidiary, as applicable, enforceable by or against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity, except for such Material Contracts which if not so legal, valid and binding would not reasonably be expected to be materially adverse to the Company Group.
- (iii) As of the date hereof, neither the Company nor any of the Company Subsidiaries is in breach or default under any Material Contract nor have the Company or any Company Subsidiaries received notice (whether written or, to the knowledge of the Company, oral) of such a breach or default; there does not exist any condition which, with the passage of time or the giving of notice or both, would result in such a breach or default; in each case except where such breach or default would not reasonably be expected to be materially adverse to the Company Group.
- (iv) Prior to the date hereof, the Company has not received any notice (whether written or, to the knowledge of the Company, oral), that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with the Company or any of the Company Subsidiaries (other than with respect to Material Contracts which are of a fixed term and which would not reasonably be expected to be renewed or continued post-expiry in the ordinary course), and, no such action has been threatened.

(dd) Guarantees, Warranties and Discounts.

- (i) None of the Company or any of the Company Subsidiaries has given any guarantee or warranty in respect of any of the products sold or serviced by the Company or the Company Subsidiaries, except warranties made in the ordinary course of business, consistent with past practice and in the form of the standard warranty of the Company or the Company Subsidiaries, as applicable, and except for warranties implied by Laws. Copies or summaries of the Company Group's standard warranties given over the last ten (10) years have been provided to the Purchaser.
- (ii) Except as set forth in Section 3.1(dd)(i) of the Disclosure Letter, in each of the

five years before the date hereof, no claims have been made against the Company or any of the Company Subsidiaries for breach of warranty or contract or negligence or for a price adjustment or other concession in respect of any defect in or failure to perform or deliver any products, services or work which had, in any such year, individually a cost exceeding \$25,000, or in the aggregate a cost exceeding \$100,000, and the Company and the Company Subsidiaries are not aware of any facts or circumstances that would reasonably be expected to give rise to any such claim.

- (iii) Except as set forth in Section 3.1(dd)(iii) of the Disclosure Letter, none of the Company or any of the Company Subsidiaries is subject to any agreement or commitment, and neither of them have, within five years before the date hereof, entered into any agreement with or made any commitment to any customer of the Company or any of the Company Subsidiaries which would require the Company or any of the Company Subsidiaries to repurchase any products sold to such customers or to adjust any price or grant any refund, discount or other concession to such customer, at a cost exceeding \$25,000 in any transaction or series of related transactions.
- (iv) Except as set forth in Section 3.1(dd)(iv) of the Disclosure Letter, none of the Company or the Company Subsidiaries is required in the ordinary course of the business to provide any letters of credit, bonds or other financial security arrangements in connection with any transactions with their respective suppliers or customers.
- (v) Except as described in Section 3.1(dd)(v) of the Disclosure Letter, as at the date hereof, there are no product liability related claims in respect of any products or services manufactured, constructed, installed, shipped, distributed, sold or provided by the Company Group in connection with their businesses that individually or in respect of a series of related matters would reasonably be expected to have a cost exceeding \$100,000, and there are no matters, facts, circumstances or events in existence which would reasonably be expected to give rise to any such claims.
- (ee) Backlog. The Company has disclosed in writing to the Purchaser the estimated backlog (as such term is used in the Company Public Disclosure Record) of the Company Group, as at December 31, 2018, including the estimate as of such date of the total revenues remaining to be earned and the manner in which such amounts have been determined. Such estimates have been prepared by senior management of the Company in a reasonable manner appropriate to the respective service lines of the Company and the Company Subsidiaries.
- (ff) Pension and Employee Benefits.
 - (i) There are no defined benefit pension plans (including any multi-employer or multi-unit pension plans and any plans subject to Title IV of ERISA or Section 412 of the Code) that are maintained by or binding upon the Company, any of the Company Subsidiaries or any ERISA Affiliate or in respect of which the Company, any of the Company Subsidiaries or any ERISA Affiliate has any actual or potential material liability or contributes or is required to contribute.

- (ii) Section 3.1(ff)(i) of the Disclosure Letter contains a list of all the Company Compensation Plans. True and complete copies of the following have been delivered to the Purchaser or made available in the Data Room Materials, as listed on the index of documents appended to Section 3.1(ff)(i) of the Disclosure Letter, (as applicable): (A) the texts of the Company Compensation Plans and amendments thereto (or a written description of such Company Compensation Plans); (B) copies of all material correspondence between the Company or any of the Company Subsidiaries and a Governmental Entity, in either case, and required reports by the Company or any of the Company Subsidiaries to, any Governmental Entity relating to a Company Compensation Plan within the five years prior to the date hereof; (C) the most recent summary plan description for the Company Compensation Plan, where required; (D) forms of agreements providing for the award or grant of Company Options, Company DSUs, Company RSUs and Company PSUs; (E) the most recent trust agreements, funding agreements, insurance contracts and investment management agreements relating to a Company Compensation Plan (where applicable); (F) the most recently filed or prepared actuarial valuation report in respect of each Company Compensation Plan, where applicable; (G) the most recently filed annual information return in respect of each Company Compensation Plan, if required; (H) the most recent IRS determination or opinion letter, if applicable; (I) the most recent investment policy statement in respect of each Company Compensation Plan, if any; and (J) (i) for the three most recent years (A) Forms 5500 and attached schedules, (B) financial statements and (C) actuarial valuation reports, if applicable, and (ii) for the three most recent years, all material or non-routine correspondence with the IRS, the DOL, the PBGC, the SEC or any other Governmental Entity regarding the operation or the administration of the Company Compensation Plans. No changes have occurred or are expected to occur which would materially affect the information contained in the actuarial reports, annual information returns or investment policy statements.
- (iii) Each Company Compensation Plan subject to Section 409A of the Code is in compliance in all material respects in form and operation with Section 409A of the Code and the applicable guidance and regulations thereunder.
- (iv) No Company Compensation Plan is a "multiemployer plan," as defined in Section 4001(a)(3) of ERISA, and none of the Company, any Company Subsidiary or any ERISA Affiliate have at any time sponsored or contributed to, or have or had any liability or obligation in respect of any multiemployer plan. No Company Compensation Plan is a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.
- (v) Neither the Company nor any of the Company Subsidiaries nor any of their respective affiliates have incurred any current or projected liability in respect of post-employment or post-retirement health, medical or life insurance benefits for current, former or retired employees of the Company or any of the Company Subsidiaries, except as required to avoid an excise tax under Section 4980B of the Code or otherwise except as may be required pursuant to any other Legal Requirements.
- (vi) The Purchaser will not incur any liability or obligation under applicable

provisions of the Worker Adjustment and Retraining Notification Act 29 U.S.C. Section 2101, et seq., or any similar state law if, during the 90-day period following the closing of the transactions contemplated hereby and by the Arrangement, only terminations of employment in the normal course of operations occur.

- (vii) All the Company Compensation Plans are and have been established, registered (where required), qualified, amended, funded (where applicable), invested (where applicable) and, in all material respects, administered: (A) in accordance with all applicable Laws, including the Code and ERISA; and (B) in accordance with the terms of any collective bargaining agreement, the terms of the material documents that support each Company Compensation Plan and the material terms of agreements between the Company and any of the Company Subsidiaries, as the case may be, and their respective Company Employees and former employees who are members of, or beneficiaries under, the Company Compensation Plans. To the knowledge of the Company, no fact or circumstance exists which could adversely affect the registered status of any such Company Compensation Plans. Neither the Company, the Company Subsidiaries nor any of their agents or delegates, has breached any statutory or other material obligation with respect to the administration or investment of any Company Compensation Plan that could result in material liability to the Company or any Company Subsidiary. Each Company Compensation Plan that is intended to be qualified under Section 401(a) of the Code has received a favourable determination or may rely on an opinion letter issued to the sponsor of the prototype plan from the Internal Revenue Service with respect to its qualified status under the Code or has pending or has time remaining in which to file an application for such determination or opinion letter, and there are no facts or circumstances that exist that would, in the aggregate, reasonably be likely to give rise to the revocation of such qualified status.
- (viii) All current and ongoing obligations of the Company or any of the Company Subsidiaries regarding the Company Compensation Plans, including all contributions, premiums or Taxes required to be made or paid or remitted by the Company or any of the Company Subsidiaries, as the case may be, under the terms of each Company Compensation Plan have been satisfied in all material respects and have been made in a timely fashion in accordance with applicable Laws and the terms of the applicable Company Compensation Plan. No currently outstanding notice of underfunding, non-compliance, failure to be in good standing or otherwise has been received by the Company or any of the Company Subsidiaries from any applicable Governmental Entity in respect of any Company Compensation Plan that is a pension or retirement plan.
- (ix) None of the Company, the Company Subsidiaries nor any Company Compensation Plan is subject to any pending, or to the knowledge of the Company, threatened, material investigation, examination or other proceeding, audit or claim initiated by any Governmental Entity or any Legal Action by any other party relating to a Company Compensation Plan (other than routine claims for benefits), and there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim or to affect the registration or

qualification of any Company Compensation Plan required to be registered or qualified.

- (x) Except as contemplated or permitted by this Agreement or described in any documents listed in Section 3.1(ff)(x) of the Disclosure Letter, none of the execution, delivery or performance of this Agreement by the Company or consummation of the Arrangement or compliance by the Company with any of the provisions hereof shall or may (either alone or in conjunction with another event related to this Agreement or the Arrangement): (A) result in any payment (including severance, retention, unemployment compensation, bonuses or otherwise) becoming due to any current or former director, officer or employee of the Company or any of the Company Subsidiaries, or (B) result in any increase or acceleration of contributions, liabilities or benefits, or acceleration of the time of payment or vesting, under any Company Compensation Plan.

(gg) Employment Matters.

- (i) Except as disclosed in Section 3.1(gg)(i) of the Disclosure Letter, neither the Company nor any of the Company Subsidiaries is a party to or bound or governed by: (A) any change of control agreement with any Company Employee; or (B) any written or oral agreement, arrangement or understanding, in each case providing for any length of notice, pay in lieu of notice, retention, severance or termination compensation, benefits or similar provisions to any Company Employee that would be triggered by the Arrangement or the transactions contemplated hereby. Except as disclosed in Section 3.1(gg)(i) of the Disclosure Letter, there are no change of control payments, golden parachutes, severance payments, retention payments, Contracts or other agreements with current or former Company Employees providing for cash or other compensation or benefits upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including a change of control of the Company or of any of the Company Subsidiaries.
- (ii) Copies of all the Company Executive Agreements have been disclosed and made available to the Purchaser. Except as set forth in Section 3.1(gg)(ii) of the Disclosure Letter, neither the Company nor any of the Company Subsidiaries is party to or bound or governed by any employment agreement regarding the termination of employment other than the Company Executive Agreements nor has any employee subject to the Company Executive Agreements indicated in writing, or, to the knowledge of the Company, orally, to the Company or the Company Subsidiaries that he or she intends to resign, retire or terminate his or her engagement with the Company or the Company Subsidiaries as a result of the transactions contemplated by this Agreement, the Arrangement or otherwise. The Company Executive Agreements are the only employment agreements between the Company (and/or the Company Subsidiaries) and its executive officers and/or members of senior management.
- (iii) The Company and the Company Subsidiaries are operating in compliance with all occupational health and safety Laws in connection with their respective businesses. There are no pending or, to the knowledge of the Company, threatened, charges against the Company or any of the Company Subsidiaries

under occupational health and safety Laws. There have been no injuries, accidents, or occupational diseases, which have occurred or been reported in the course of the operation of the business of the Company and the Company Subsidiaries which is reasonably expected to lead to charges under applicable Law. The Company and the Company Subsidiaries have complied in all material respects with any orders, directives, judgments, decrees, injunctions, decisions, rulings, awards or writs of any Governmental Entity issued under occupational health and safety Laws and there are no appeals of any such orders or directives currently outstanding.

- (iv) The Company and the Company Subsidiaries are in material compliance with all applicable Laws regarding employment, employment practices, personal employee information, terms and conditions of employment, worker classification, employment insurance or social security (where applicable) and other Tax withholdings, human rights, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, holidays and vacations (including holiday pay and vacation pay), immigration status, employment records and documentation, employee safety and health, workers' compensation, leaves of absence, wages (including overtime and overtime wages), termination and layoff, compensation, and hours of work with respect to the Company Employees. There are no claims pending, or to the knowledge of the Company, threatened, against the Company or any of the Company Subsidiaries brought by or on behalf of any applicant for employment, any current or former employee or any class of the foregoing, relating to any such Law or regulation, or alleging breach of any express or implied term of a contract of employment (whether written or oral), wrongful termination of employment, unfair labour practice or any other discriminatory, wrongful or tortious conduct in connection with the employment relationship. There are no outstanding charges or complaints against the Company relating to unfair labour practices, discrimination or under any Laws relating to employees and employment, that the Company has received notice of and, to the knowledge of the Company, there are no investigations, complaints, prosecutions, assessments, arbitrations, proceedings or audits being conducted with respect to any the Company Employees. There are no charges, investigations, administrative proceedings or formal complaints of discrimination pending or, to the knowledge of the Company, threatened before the Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Department of Labor, the U.S. Occupational Health and Safety Administration, the Workers Compensation Appeals Board, or any other Governmental Entity against the Company pertaining to any Company Employee.
- (v) To the knowledge of the Company, no Company Employee is in breach of any term of any employment agreement, nondisclosure agreement, non-competition agreement, non-solicitation agreement, fiduciary duty, or any restrictive covenant to a former employer relating to the right of any such Company Employee to be employed by the Company or any of the Company Subsidiaries because of the nature of the business conducted or presently proposed to be conducted by the Company or any of the Company Subsidiaries or to the use of Intellectual Property Rights of others.

- (vi) The Company and the Company Subsidiaries are in compliance in all material respects with the Worker Adjustment and Retraining Notification Act of 1988, as amended ("**WARN Act**"), or any similar applicable Law. Since December 31, 2017, (A) neither the Company nor any of the Company Subsidiaries have effectuated a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of its business; (B) there has not occurred a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the Company or, to the knowledge of the Company or any of the Company Subsidiaries; and (C) neither the Company nor the Company Subsidiaries, have been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar applicable Law. Neither the Company nor the Company Subsidiaries, have caused any of their respective Company Employees to suffer an "employment loss" (as defined in the WARN Act) during the 90 day period prior to the date of this Agreement.
- (vii) Each person providing services to the Company or any of the Company Subsidiaries that has been characterized as a consultant or independent contractor and not a Company Employee, including sales agents and distributors, has been properly characterized as such, and neither the Company nor any Company Subsidiary has received any notice from any Governmental Entity or other person disputing such classification.
- (viii) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits under Company Compensation Plans and other similar accruals have either been paid or are accurately reflected in all material respects in the books and records of the Company or of the applicable Company Subsidiary.
- (ix) The Employee Obligations shall not exceed the amount set forth in Section 3.1 3.1(gg)(ix) of the Disclosure Letter.
- (hh) Collective Agreement. Except as set forth in Section 3.1(hh) of the Disclosure Letter:
 - (i) Other than the Collective Agreement, neither the Company nor any of the Company Subsidiaries is subject to any collective bargaining agreements or agreements with any union. The Company and the Company Subsidiaries are in material compliance with the Collective Agreement.
 - (ii) No collective bargaining agreements or agreements with unions are currently being bargained or negotiated or are currently subject to negotiation by the Company or any of the Company Subsidiaries with respect to the Company Employees, other than in relation to the Collective Agreement.
 - (iii) There are no outstanding or pending labour tribunal proceedings of any kind or other events of any nature whatsoever, including any proceedings which would result in certification of a trade union as bargaining agent for any non-unionized Company Employees or any persons providing on-site services in respect of the Company or any of the Company Subsidiaries. To the knowledge of the Company, there are no threatened or apparent union organizing activities involving non-unionized Company Employees or any persons providing on-site

services in respect of the Company or any of the Company Subsidiaries, including any proceeding pending or threatened in writing to be brought or filed with the National Labor Relations Board.

- (iv) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any Company Employees by way of certification, interim certification, voluntary recognition, designation or successor rights, or has applied, or to the knowledge of the Company threatened to apply, to be certified to as the bargaining agent of any Company Employees or to have the Company or any Company Subsidiary declared a related employer or successor employer pursuant to applicable labour legislation. To the knowledge of the Company, none of the Company or any of the Company Subsidiaries has engaged in any unfair labour practices. No strike, lock-out, work stoppage or other labour dispute is occurring or has occurred during the past five years. There are no pending or, to the knowledge of the Company, threatened strikes, work stoppages, picketing, lock-outs, handbillings, boycotts, slowdowns or similar labour related disputes pertaining to the Company or any of the Company Subsidiaries that might lead to an interruption of operations of the Company or any of the Company Subsidiaries at any location. Neither the Company nor any of the Company Subsidiaries have engaged in any plant closing or lay-off activities within the past five years that would violate or in any way subject the Company or any of the Company Subsidiaries to the group termination or mass lay-off requirements of the applicable employment or labour standards legislation.
- (v) Neither the Company nor any of the Company Subsidiaries have any grievances or pending arbitration cases outstanding, nor, to the knowledge of the Company, are there any threatened grievances or arbitration cases relating to the Company or any of the Company Subsidiaries. Neither the Company nor any of the Company Subsidiaries have any labour relations problems that would reasonably be expected to be materially adverse to the Company Group.
- (vi) Neither the Company nor any of the Company Subsidiaries have recognized any trade union, staff association, staff council, works council or other organization or arrangement having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organization or arrangement having a similar purpose is required by the Company, the Company Subsidiaries or any of their respective affiliates for the purpose of consummating the transactions contemplated by this Agreement.
- (ii) Authorizations. The Company and the Company Subsidiaries have obtained all Authorizations required by applicable Laws or necessary to own, lease and operate their respective properties and assets and engage in their respective businesses, as now conducted, except where the failure to have obtained such Authorizations would not reasonably be expected to be materially adverse to the Company Group. Section 3.1(ii) of the Disclosure Letter lists all material Authorizations issued in favour of the Company or any Company Subsidiary, including for the use of volatile organic compounds.
- (jj) Personal Property.

- (i) The Company or the Company Subsidiaries, as applicable, have good and valid title to all personal or movable property of any kind or nature which the Company or the applicable Company Subsidiary purports to own, free and clear of any Liens (other than Permitted Liens), except for such defects or deficiencies in title as would not reasonably be expected to be materially adverse to the Company Group.
 - (ii) The Company and the Company Subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal or movable property leased by the Company or any of the Company Subsidiaries as used, possessed and controlled by the Company or the Company Subsidiaries, as applicable, except as would not reasonably be expected to be materially adverse to the Company Group.
- (kk) Real Property.
 - (i) The Company or the Company Subsidiaries, in each case free and clear of any Liens (other than Permitted Liens): (i) has valid, good and marketable title in fee simple to all real or immovable property owned by the Company or the applicable Company Subsidiary (collectively, the "**Owned Properties**"), and there are no outstanding options or rights of first refusal to purchase the Owned Properties, or any portion thereof or interest therein; and (ii) has a valid and subsisting leasehold interest in all real property leased, subleased or licensed by the Company or the applicable Company Subsidiary (collectively, the "**Leased Properties**" and, together with the Owned Properties, the "**Company Properties**").
 - (ii) Each lease, sublease, license or occupancy agreement ("**Lease**") for the Leased Properties and material for the ongoing operation of the Company Group is valid, legally binding and enforceable against the Company or the applicable Company Subsidiaries, and, to the knowledge of the Company, the other parties thereto, in accordance with its terms and in full force and effect, unamended by oral or written agreement. The Leases comprise all leases of facilities used by the Company. True and complete copies of all Leases (including all related amendments, supplements, notices and ancillary agreements) have been disclosed in the Data Room Materials, and are listed in Section 3.1(kk) of the Disclosure Letter, and none of the Company or any of the Company Subsidiaries is in breach of, or default under, any such Lease, and no event has occurred which, with notice, lapse of time or both, would constitute such a breach or default by the Company or any of the Company Subsidiaries or permit termination, modification or acceleration by any third party thereunder, except for such breaches or defaults which would not reasonably be expected to be materially adverse to the Company Group.
 - (iii) No third party has repudiated or currently has the right to terminate or repudiate any such Lease (except for the normal exercise of remedies in connection with a default thereunder, which default has not occurred).
 - (iv) None of the Leases has been assigned by the Company or any of the Company Subsidiaries in favour of any person or sublet or sublicensed.

- (v) Except as would not reasonably be expected to be materially adverse to the Company Group, no member of the Company Group has received written notice that any Authorization from any Governmental Entity having jurisdiction over any of the Company Properties or any agreement, easement or other right of any unlimited duration that is necessary to permit the lawful use and operation of the buildings and improvements on any of the Company Properties is not in full force and effect or of any pending written threat of modification or cancellation of any of same.
- (ll) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon the Company or any of the Company Subsidiaries that has the effect of materially prohibiting, restricting or impairing any material business practice of the Company or any of the Company Subsidiaries, any material acquisition of property or assets by the Company or any of the Company Subsidiaries or the conduct of any material business by the Company or any of the Company Subsidiaries, as now conducted (including following the transactions contemplated by this Agreement).
- (mm) Related Party Transactions. Neither the Company nor any of the Company Subsidiaries is indebted to any director, officer or employee or agent of, or independent contractor to, the Company or any of the Company Subsidiaries or any of their respective affiliates or associates (except for amounts due for salaries, bonuses, vacation pay, reimbursement of ordinary expenses and directors' fees in the ordinary course). Except as set forth in Section 3.1(mm) of the Disclosure Letter, no shareholder, director, officer or employee of the Company or any of the Company Subsidiaries or any of their respective affiliates or associates is a party to any loan, advance, guarantee, liability, contract, arrangement or understanding or other transactions with the Company or any of the Company Subsidiaries. Except as discussed in Section 3.1 (mm) of the Disclosure Letter, no related party shall receive any collateral benefit (within the meaning of Multilateral Instrument 61-101) in connection with the transactions contemplated in this Agreement.
- (nn) Vote Required.
 - (i) The only vote of holders of securities of the Company necessary (under the Company Organizational Documents, the CBCA, other applicable Laws or otherwise) to approve the Arrangement is, subject to any requirements of the Interim Order, the Securityholders' Vote.
 - (ii) There are no shareholders agreements, registration rights agreements, voting trusts, proxies or similar agreements, arrangements or commitments to which the Company or any of the Company Subsidiaries is a party or, with respect to any shares or other equity interests of the Company or any of the Company Subsidiaries or any other Material Contract relating to disposition, voting or dividends with respect to any equity securities of the Company or of any of the Company Subsidiaries.
- (oo) Swaps. Other than foreign currency exchange transactions undertaken in the ordinary course of business, neither the Company nor any of the Company Subsidiaries currently has any outstanding Swaps.
- (pp) Insurance.

- (i) The Company and each of the Company Subsidiaries is insured by reputable third party insurers with reasonable and prudent policies having terms and providing coverages appropriate for the size and nature of the business and operations of the Company and the Company Subsidiaries and their respective properties and assets, including a sufficient level of insurance necessary to comply with the terms and conditions of its Authorizations, and Permits and the Material Contracts.
- (ii) The third party insurance policies of the Company and the Company Subsidiaries are in full force and effect in accordance with their terms, and the Company and the Company Subsidiaries are not in default under the terms of any such policy. There has not been any proposed, contemplated or threatened termination of, or material premium increase with respect to, any of such policies.
- (iii) The limits contained within such policies have not been exhausted or significantly diminished.
- (iv) The Company has made available a complete and accurate claims history for the Company and the Company Subsidiaries during the past five (5) years including with respect to insurance previously obtained but not currently maintained, together with a statement of the aggregate amount of claims paid out, and claims pending.
- (v) Except as set forth in Section 3.1(pp) of the Disclosure Letter, there is no claim pending under any insurance policy that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such claims. All proceedings covered by any of the insurance policies have been properly reported to and accepted by the applicable insurer.
- (vi) The Company and the Company Subsidiaries are not in default with respect to any of the provisions contained in the insurance policies and have not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion.
- (vii) To the knowledge of the Company, as at the date hereof, there has been no event pursuant to which the Company Group could reasonably make a valid claim under any insurance policy in respect of a material loss, other than in respect of claims made by the Company Group prior to the date hereof. Since December 31, 2017, there has not been any material adverse change in the relationship of the Company or the Company Subsidiaries with their respective insurers, the availability of coverage (taking into account instances where coverage was denied as disclosed in Section 3.1(q) of the Disclosure Letter), or in the premiums payable pursuant to the insurance policies.
- (viii) Section 3.1(pp)(viii) of the Disclosure Letter contains a correct and complete list of current insurance policies which are maintained by the Company and the Company Subsidiaries setting out, in respect of each policy, the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. The Company has disclosed in the Data Room Materials true, correct and complete copies of all such policies, bonds or binders

(including copies of all written amendments, supplements and other modifications thereto or waivers of rights thereunder), and the most recent inspection reports received from insurance underwriters.

- (qq) Competition Act. As calculated in accordance with the *Competition Act* (Canada) and the regulations thereto, as of December 31, 2018, the assets in Canada of the Company and the Company Subsidiaries: (a) have a book value of less than \$92,000,000; and (b) generate annual gross revenues from sales in or from Canada of less than \$92,000,000.
- (rr) Anti-Corruption. Neither the Company nor any of the Company Subsidiaries, nor any of the directors, executives, officers, employees, nor, to the knowledge of the Company, any representatives or agents of the Company or the Company Subsidiaries, acting alone or together, has, directly or indirectly: (i) used any corporate funds to make any contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used any corporate funds to make illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the *Corruption of Foreign Public Officials Act* (Canada), the *U.S. Foreign Corrupt Practices Act of 1977*, the *Convention on the Protection of the European Communities' Financial Interests*, the *Convention on Fighting Corruption Involving Officials of the EU or Officials of Member States*, the *Bribery Act 2010*, any applicable Law relating to anti-corruption, anti-bribery or any applicable Law of similar effect; (iv) has paid, established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or that have not been recorded in the books and records of the Company Group or the Company Financial Statements; or (v) made any gift, bribe, illegal rebate, illegal payoff, influence payment, kickback, commission, promotional allowance or other illegal payment of any nature to any person, in any country, private or public, regardless of what form, whether in money, property or services.
- (ss) International Trade, Sanctions and Money Laundering Matters.
 - (i) Except as has not been, and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole, each member of the Company Group, all of their respective officers or directors, and, to the knowledge of the Company, all of their employees or agents or other third party representatives acting on behalf of any member of the Company Group, (i) are currently, and since January 1, 2013 have been, in compliance in all respects with all applicable Sanctions Laws, Money Laundering Laws and Ex-Im Laws (collectively, "**Trade Control Laws**") and (ii) have obtained all material Permits for export, re-export, transfer or import required in accordance with Trade Control Laws.
 - (ii) No member of the Company Group has made any voluntary disclosures related to Trade Control Laws and, to the knowledge of the Company, there are no pending or threatened actions against, or investigations by any Governmental Entity of, any member of the Company Group, nor is there any judgment imposed (or threatened to be imposed) upon any member of the Company Group by or before any Governmental Entity, in each case, in connection with any alleged violation of the Trade Control Laws.
 - (iii) No member of the Company Group, nor any of their respective officers or

directors, nor, to the knowledge of the Company, any of their employees or agents or other third party representatives acting on behalf of any member of the Company Group, is currently or has been since January 1, 2013: (i) a Sanctioned Person; or (ii) operating, conducting business, participating in any transaction or otherwise engaging in dealings with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violate applicable Sanctions Laws or Ex-Im Laws.

- (tt) U.S. Securities Matters. The Company:
 - (i) is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act;
 - (ii) is not an investment company registered or required to be registered under the *United States Investment Company Act of 1940*, as amended; and
 - (iii) does not have, and does not have an obligation to have, a class of securities registered under Section 12 of the U.S. Exchange Act and does not have a reporting obligation under subsection 13(a) or subsection 15(d) of the U.S. Exchange Act.
- (uu) Privacy. The Company Group has a privacy policy regarding the collection, use, storage and transfer of Personal Data. The Company and each Company Subsidiary is and has at all times been in compliance with the privacy policy and with all Legal Requirements, Orders and contractual obligations relating thereto. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and by the other transaction documents related to this Agreement will not violate such privacy policy as it currently exists or as it existed at any time during which Personal Data was collected or obtained by the Company and each Company Subsidiary and, upon the closing of the transactions contemplated hereby and by the Arrangement, the Company and each Company Subsidiary will continue to have the right to use such Personal Data on substantially similar terms and conditions as they enjoyed immediately prior to the closing of the transactions contemplated hereby and by the Arrangement. No Legal Action is pending or, to the knowledge of the Company, threatened relating to the collection or use of Personal Data in connection with the business of the Company. To the knowledge of the Company, there has not been any material data or privacy breach since December 31, 2015.
- (vv) No Other Representations and Warranties and Forward-Looking Information. Except for the representations and warranties contained in Section 2.10 [*Fairness Opinion*] and this Section 3.1 [*Representations and Warranties*]: (i) the Company does not make any other express or implied representation and warranty on behalf of itself or any of the Company Subsidiaries; and (ii) neither the Company nor any of the Company Subsidiaries has made or is making any representation or warranty with respect to any estimates, projections, forecasts, the Company Forward-Looking Information or business plans relating to the Company, the Company Subsidiaries or their respective businesses, properties or assets (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, the Company Forward-Looking Information or business plans).
- (ww) UL/ULC Certifications. All of the third party certifications set forth in Section 3.1(ww) of the Disclosure Letter, including UL/ULC certifications, are in good standing and will

remain so, unaffected by the transactions contemplated herein.

- (xx) Radigan Insurance Corp. The Company represents and warrants that, with respect to Radigan Insurance Corp. ("**Radigan**"), Section 3.1(xx) of the Disclosure Letter describes all of the claims submitted and currently open with respect to it.

3.2 Survival of Representations and Warranties

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated at the Effective Time. This Section 3.2 shall not limit any undertaking, obligation, covenant or agreement of whatever nature of the Company which, by its terms, contemplates performance after the Effective Time or date on which this Agreement is terminated, as the case may be.

ARTICLE IV **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

4.1 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Company as follows:

- (a) Incorporation and Qualification. The Purchaser is a corporation duly incorporated and validly existing under the Laws of Canada and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now being conducted. The Purchaser is a corporation duly amalgamated and validly existing under the Laws of Canada and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now being conducted. The Purchaser is duly registered to do business and is in good standing in each jurisdiction in which the character of its respective properties, owned, leased, licensed or otherwise held, or the nature of its respective activities makes such registration necessary.
- (b) Authority Relative to this Agreement. The Purchaser has the requisite power and authority to enter into this Agreement and any agreement ancillary hereto and to carry out its obligations hereunder. The execution and delivery of this Agreement by the Purchaser and the consummation by the Purchaser of the Arrangement and the other transactions contemplated by this Agreement and any agreement ancillary hereto has been duly authorized by the board of directors of the Purchaser, and no other corporate proceedings on the part of the Purchaser is necessary to authorize the execution and delivery by the Purchaser of this Agreement or any agreement ancillary hereto and the consummation by the Purchaser of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity.
- (c) No Violations. None of the execution and delivery of this Agreement by the Purchaser, the consummation by the Purchaser of the Arrangement or any of the transactions contemplated by this Agreement or compliance by the Purchaser with any of the provisions hereof will in any material respect:

- (i) violate, conflict with or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under any of the terms, conditions or provisions of the articles and by-laws or other constating documents of the Purchaser; or
 - (ii) subject to obtaining the HSR Approval, violate any Law applicable to the Purchaser or any of its properties or assets;
- (d) Legal Impediments; Government Approvals. Other than in connection with or in compliance with applicable Laws, and subject to obtaining the HSR Approval:
 - (i) other than any consent from its lenders, there is no legal impediment to consummation of the Arrangement by the Purchaser; and
 - (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Entity is required to be made or obtained by the Purchaser in connection with the consummation of the Arrangement, except for such filings or registrations that, if not made, and such authorizations, consents or approvals, that, if not received, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated hereby.
- (e) Litigation. As of the date hereof, there are no Legal Actions pending or, to the knowledge of the Purchaser, threatened against the Purchaser, nor is the Purchaser subject to any outstanding judgment, order, writ or decree that, either individually or in the aggregate, is reasonably likely to prevent, significantly impede or materially delay the consummation of the Arrangement contemplated hereby.
- (f) Voting Agreements. Neither the Purchaser nor any of its affiliates or any other person acting jointly or in concert with any of them, has entered into any agreement, commitment or understanding with any securityholders of the Company with respect to any voting rights attaching to any securities of the Company. Neither the Purchaser nor any of its affiliates or any other person acting jointly or in concert with any of them, beneficially owns or controls, or will prior to the Effective Date, beneficially own or control any Common Shares or any securities that are convertible into or exchangeable or exercisable for Common Shares.
- (g) Sufficient Funds. At the Effective Time, the Purchaser will have available to it sufficient funds to satisfy the aggregate Cash Consideration payable by the Purchaser pursuant to the Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement.
- (h) Investment Canada Act. The Purchaser is a "trade agreement investor" and is not a "state-owned enterprise" within the meaning of the *Investment Canada Act*.
- (i) Status. The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

4.2 Survival of Representations and Warranties

The representations and warranties of the Purchaser contained in this Agreement shall not survive the

completion of the Arrangement and shall expire and be terminated at the Effective Time. This Section 4.2 shall not limit any undertaking, obligation, covenant or agreement of whatever nature of the Purchaser which, by its terms, contemplates performance after the Effective Time or date on which this Agreement is terminated, as the case may be.

ARTICLE V

COVENANTS OF THE PARTIES

5.1 Covenants of the Company Regarding the Conduct of Business

The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time or the time that this Agreement is terminated in accordance with its terms, unless the Purchaser shall otherwise consent in writing, such consent not to be unreasonably withheld, conditioned or delayed, or except as is otherwise expressly contemplated by this Agreement or the Plan of Arrangement or as is otherwise required by applicable Law:

- (a) the businesses of the Company and the Company Subsidiaries shall, in all material respects, be conducted in the ordinary course of business consistent with past practice, and the Company shall use its reasonable commercial efforts to maintain and preserve its and the Company Subsidiaries' business organization, assets, properties, employees and independent contractors, goodwill and business relationships and where it is an operator of any property, operate and maintain such property in a proper and prudent manner in accordance with good industry practice and good health, safety and environmental practice and the agreements governing the ownership and operation of such properties;
- (b) the Company shall not, and shall not permit any of the Company Subsidiaries to, directly or indirectly:
 - (i) amend the Company Organizational Documents or the respective formation and organizational documents of any of the Company Subsidiaries;
 - (ii) adjust, split, combine, subdivide or redeem, purchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire, or reclassify, its securities or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) except for the payment of ordinary dividends declared and publicly announced prior to the date of this Agreement;
 - (iii) amend or modify the terms of any of its securities, except in respect of the Company Options and the Company DSUs, Company PSUs and Company RSUs as contemplated by this Agreement;
 - (iv) adopt a plan of liquidation or resolution providing for the winding-up, liquidation or dissolution of the Company or any of the Company Subsidiaries;
 - (v) amend its existing accounting policies, practices, methods and principles or adopt new accounting policies, in each case except as required in accordance with GAAP;
 - (vi) reduce its stated capital;
 - (vii) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance,

delivery, sale, pledge or other encumbrance of any Common Shares or other equity or voting interests, or any options, warrants or similar rights exercisable or exchangeable for or convertible into Common Shares or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of Common Shares, except in accordance with Section 2.12 [*Treatment of Company Options*] or Section 2.13 [*Treatment of the Company Incentive Plan Awards*]; or

- (viii) authorize or propose any of the foregoing, or enter into, modify or terminate any Contract with respect to any of the foregoing;
- (c) the Company shall promptly notify the Purchaser in writing of:
 - (i) any Governmental Entity or third party filings, suits, actions, investigations or hearings (or communications from Governmental Entities or third parties in respect of the foregoing or indicating that the same may be contemplated) in respect of the Company, the Company Subsidiaries or the Company Assets; and
 - (ii) a Material Adverse Effect;provided that the delivery of any such notification shall not modify, amend or supersede any disclosure in the Data Room Materials or any representation or warranty of the Company contained in this Agreement or in any certificate or other instrument delivered in connection herewith and will not affect any right of the Purchaser hereunder.
- (d) the Company will keep the Purchaser fully informed as to the material decisions required to be made or actions required to be taken with respect to the operation of the business of the Company Group, other than decisions made in the ordinary course of business, consistent with past practice, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (e) the Company shall not, and shall not permit any of the Company Subsidiaries to, reorganize, amalgamate or merge with or any other person, or restructure, reorganize or liquidate or otherwise enter into any agreements or arrangements imposing materials changes or restrictions on the Company Assets, its operations or business;
- (f) except as contemplated in the Budget, the Company shall not, and shall not permit any of the Company Subsidiaries to, directly or indirectly (without duplication):
 - (i) transfer, sell, pledge, lease, license, mortgage, divest, cancel, abandon, encumber, dispose of or cause or permit (to the extent permission from the Company or any the Company Subsidiary is required) a Lien (other than a Permitted Lien) to be created on any the Company Assets, except for: (A) sales of inventory or sales or dispositions of obsolete assets or assets with no net book value in the ordinary course of business consistent with past practice; or (B) pursuant to Contracts in effect prior to the date of this Agreement;
 - (ii) except as set forth in Section 5.1(f)(ii) of the Disclosure Letter, or for inventory in the ordinary course of business consistent with past practice: (A) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or

otherwise), in one transaction or in a series of related transactions, any person or division thereof or any property, interests or assets for consideration in excess of \$250,000 in the aggregate; (B) make any investment, including by the purchase of securities, contribution of capital, property transfer or purchase of any property or asset, for consideration in excess of \$250,000 in the aggregate; or (C) enter into or extend any option to acquire, or exercise an option to acquire, any properties or assets of any other person, if it would result in expenditures in excess of \$250,000 in the aggregate, in each case by the Company and the Company Subsidiaries (taken as a whole);

- (iii) except as set forth in Section 5.1(f)(iii) of the Disclosure Letter: (A) incur any Indebtedness; (B) issue any debt securities or amend any outstanding debt securities; (C) assume, endorse, guarantee or otherwise as an accommodation become responsible or liable for the obligations of any person, or make any loans or advances to any person, other than employees or suppliers in the ordinary course of business (other than: (1) to pay legal and Financial Advisor fees in respect of the Arrangement; (2) to pay the Employee Obligations; (3) for maintenance capital expenditures less than \$500,000 in the aggregate, other than in accordance with the Budget; (4) for growth capital expenditures less than \$250,000 in the aggregate other than in accordance with the Budget; and (5) any Indebtedness, incurred to replace, renew, extend, refinance or refund any existing Indebtedness, provided that any Indebtedness created, incurred, refinanced, assumed or for which the Company or any Company Subsidiary becomes liable in accordance with the foregoing is prepayable at the Effective Time without premium, penalty or other incremental costs (including breakage costs));
- (iv) except as set forth in Section 5.1(f)(v) of the Disclosure Letter, make or commit to make maintenance capital expenditures in excess of \$500,000 in the aggregate, other than in accordance with the Budget;
- (v) except as set forth in Section 5.1(f)(v) of the Disclosure Letter, make or commit to make growth capital expenditures in excess of \$250,000 in the aggregate other than in accordance with the Budget;
- (vi) take any action inconsistent with this Agreement that would prevent, materially impede or significantly delay the completion of the Arrangement;
- (vii) pay, discharge or satisfy any claims, liabilities or obligations in excess of \$100,000 individually, or as a part of a series of related matters excluding amounts which are paid out by, or otherwise covered by, the Company's insurance policies, other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the Company Financial Statements or which are incurred in the ordinary course of business consistent with past practice;
- (viii) waive, release or amend in any respect: (A) any existing contractual rights in respect of or relating to the Material Contracts; or (B) any other legal rights or claims other than with respect to warranty work or goodwill provided in the ordinary course of business, consistent with past practice, not to exceed \$500,000 in the aggregate;

- (ix) materially amend or modify, terminate or cancel any Material Contract; or
- (x) except as set forth in Section 5.1(f)(x) of the Disclosure Letter, materially change or discontinue any existing line of business or enter into a new line of business;
- (g) subject to Section 2.12 *[Treatment of Company Options]* and Section 2.13 *[Treatment of the Company Incentive Plan Awards]*, except as set forth in Section 5.1(g) of the Disclosure Letter, the Company shall not, and shall not permit any of the Company Subsidiaries to:
 - (i) take any action with respect to the increase in, acceleration, or amendment or grant of, any benefit, change of control, severance, retention or termination pay policies or arrangements (other than *[redacted due to confidential employee information]*);
 - (ii) enter into or modify any employment agreement with any officer or director;
 - (iii) adopt, enter into, terminate, waive its rights under, amend or make any contribution to, or otherwise fund, any Company Compensation Plan or collective bargaining agreement;
 - (iv) make any bonus or profit sharing distribution or similar payment of any kind to any employees; or
 - (v) issue or forgive any loan to any director, officer, consultant or the Company Employees;
- (h) the Company Group shall not grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees or hire any new or additional employees or engage any new or additional contractors, except (i) as required by Law or agreements entered into prior to December 1, 2017; (ii) to replace departed persons (other than executives (which, for the purpose of this Section 5.1(h), means the chief executive officer, any individual that reports to the chief executive officer and any individual that reports to an individual reporting to the chief executive officer)) on not materially more favourable terms; or (iii) as otherwise contemplated by the Budget;
- (i) the Company shall not, and shall not permit any of the Company Subsidiaries to, waive, release, assign, settle or compromise any Legal Actions or any claim or liability in excess of \$100,000 individually or \$500,000 in the aggregate, other than the payment, discharge or satisfaction of liabilities incurred in the ordinary course of business consistent with past practice excluding amounts which are paid out by, or otherwise covered by, the Company's insurance policies;
- (j) the Company and the Company Subsidiaries shall:
 - (i) duly file all Returns required to be filed by them on or after the date hereof in a manner consistent with past practice and all such Returns shall be true, complete and correct in all material respects;
 - (ii) fully pay all Taxes shown as due on such Returns;

- (iii) not make or rescind any material express or deemed election relating to Taxes, or file any amended Returns, where the result of such action is inconsistent with past practice;
 - (iv) not make a request for a Tax ruling or enter into a closing agreement with any Governmental Entity;
 - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and
 - (vi) properly reserve (and reflect such reserves in its books and records and financial statements) for all Taxes accruing in respect of the Company or the Company Subsidiaries which are not due or payable prior to the Effective Date in a manner consistent with past practice; and
 - (vii) refrain from knowingly taking any action or from knowingly permitting any inaction or from knowingly entering into any transaction that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any affiliates or Company Subsidiaries and other non-depreciable capital property owned by the Company or any of the Company Subsidiaries, upon an amalgamation or winding-up of the Company or any of the Company Subsidiaries (or any of their respective successors). For the avoidance of doubt, the taking of any action or the completion of any transaction contemplated by this Agreement or by the Plan of Arrangement shall not constitute a breach of this Section 5.1(j)(vii);
- (k) the Company shall use its reasonable commercial efforts to cause the current insurance (or re-insurance) policies maintained by the Company or any of the Company Subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated and to prevent any of the coverage thereunder from lapsing, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums (subject to reasonable availability in the marketplace) are in full force and effect, provided that neither the Company nor the Company Subsidiaries shall obtain or renew any insurance (or re-insurance) policy, other than with respect to the renewal of current term and run-off director and officer insurance, for a term exceeding 12 months and provided further that the Purchaser will be granted the right to cancel any such insurance or reinsurance policy (other than any directors' and officers' insurance policy placed pursuant to Section 7.8 [*Insurance and Indemnification*]) after the Closing Date and to be paid the corresponding pro-rata return premium;
- (l) the Company Group will not enter into any Swaps, derivatives, forward sales contracts or similar financial instruments other than foreign currency exchange transactions undertaken in the ordinary course of business;
- (m) the Company Group will not enter into or amend any Contract with any broker, finder or investment banker as contemplated in Section 3.1(v) [*Brokers*];

- (n) the Company Group will not enter into any agreement, or amend any existing agreement, that involves: (i) the material broadening of the Company Group's liability or indemnities or the material reduction of the limitations of liability applicable to the Company Group, as compared to the Company's standard forms, excluding such modifications made in the ordinary course of business, consistent with past practice, which do not increase the overall risk profile of the Company Group, as a whole; or (ii) increasing their standard warranties beyond their current terms (which, for greater certainty, in no event shall be in excess of 30 years from the start date thereof);
- (o) the Company Group will not build-up its inventory, work in process and/or raw materials beyond the ratio(s) applicable thereto of projected revenues set forth in the Budget, excepting foreign exchange fluctuations on assets denominated in U.S. dollars;
- (p) the Company Group will not publish or release or provide to customers or prospective customers any pricing schedule for any period of time beyond 2019 or amend the 2019 pricing schedule;
- (q) in connection with certain regulatory matters, the Company shall take the actions specified in Section 5.1(q) of the Disclosure Letter, *provided, however*, that (for greater certainty) the actions specified in Section 5.1(q) of the Disclosure Letter shall not constitute conditions to the consummation of the transactions contemplated by this Agreement; and
- (r) notwithstanding anything else to the contrary in this Agreement, with respect to the expiry of the Collective Agreement and the bargaining of a new collective agreement which is expected to begin in the first quarter of 2019 (the "**CBA Negotiations**"), the Company shall:
 - (i) provide information to the Purchaser in respect of the status of the CBA Negotiations and reasonable documentation in relation thereto upon the request of the Purchaser; and
 - (ii) seek to negotiate and conclude the CBA Negotiations in consultation with the Purchaser.

5.2 Covenants of the Company Regarding the Arrangement

The Company shall perform, and shall cause the Company Subsidiaries to perform, all obligations required to be performed by the Company or any of the Company Subsidiaries under this Agreement, cooperate with the Purchaser in connection therewith and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause the Company Subsidiaries to:

- (a) except as specifically permitted by Section 7.2 [*Non-Solicitation*], use reasonable commercial efforts to obtain the Securityholders' Vote (which shall not require the Company to engage a proxy solicitation agent unless the Purchaser requests the Company to do so, at the expense of the Purchaser);
- (b) unless this Agreement shall have been terminated in accordance with Section 8.2 [*Termination*], submit the Arrangement Resolution to the Company Securityholders at

the Company Meeting in accordance with Section 2.2(b) *[Implementation Steps by the Company]* and Section 2.2(c) *[Implementation Steps by the Company]*;

- (c) use its reasonable commercial efforts to obtain and maintain, on reasonable commercial terms, all other necessary waivers, consents, permits, exemptions, orders, agreements, amendments, confirmations and approvals required to be obtained by the Company or a Company Subsidiary in connection with the Arrangement from other persons including parties to Material Contracts, and notwithstanding anything to the contrary in this Agreement, in connection with obtaining any approval or consent from any person with respect to any transaction contemplated hereby: (i) not, without the prior written consent of the Purchaser, pay or commit to pay to such person whose approval or consent is being solicited any amount of cash or other consideration, or make any commitment or incur any liability or other obligation due to such person; and (ii) the Purchaser shall not be required to pay or commit to pay to such person whose approval or consent is being solicited any cash or other consideration, or make any commitment or incur any liability or other obligation to such person;
- (d) use its reasonable commercial efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Company and the Company Subsidiaries relating to the Arrangement;
- (e) use its reasonable commercial efforts to assist the Purchaser to obtain the HSR Approval in a timely manner;
- (f) promptly advise the Purchaser, as the Purchaser may reasonably request, and on a daily basis on each of the last 10 Business Days prior to the proxy cut-off date for the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;
- (g) promptly inform the Purchaser of any communication (written or oral) received by the Company from the Company Securityholders in opposition to the Arrangement, any notice of Dissent Rights exercised or purported to have been exercised by any the Company Securityholders received by the Company or its representatives in relation to the Company Meeting and the Arrangement Resolution, any withdrawal of Dissent Rights received by the Company and any written communications sent by or on behalf of the Company to any Company Securityholders exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution;
- (h) consult with the Purchaser in fixing the date of the Company Meeting, give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting; and
- (i) indemnify and save harmless the Purchaser and its directors, officers, employees, representatives and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits) to which the Purchaser and its directors, officers, employees, representatives or agents may be subject or which the Purchaser and its directors, officers, employees, representatives or agents may suffer, whether under the provisions of any Law or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation in the Company Circular;
- (ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any misrepresentation in any document filed by or on behalf of the Company in compliance or intended compliance with Securities Laws; and
- (iii) the Company not complying with any requirement of applicable Laws in connection with the transactions contemplated hereby;

in each case, as finally established by a final non-appealable decision of a court of competent jurisdiction or Securities Authority, as applicable, except that the Company shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation based on information included in the Company Circular provided by the Purchaser or the non-compliance by the Purchaser with any requirement of applicable Laws in connection with the transactions contemplated hereby. This Section 5.2 will survive termination of this Agreement.

5.3 Covenants of the Purchaser Regarding the Arrangement

Subject to Section 5.5 hereto, which shall govern in relation to the HSR Approval, the Purchaser shall perform all obligations required to be performed by it under this Agreement, cooperate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby and, without limiting the generality of the foregoing, the Purchaser shall:

- (a) subject to the provision in Section 5.4(c) [*Mutual Covenants*], use its reasonable commercial efforts to obtain the HSR Approval and to effect all necessary registrations, filings and submissions of information requested or required by Governmental Entities from the Purchaser relating to the Arrangement in a timely manner; and
- (b) ensure that the Purchaser has available funds at the Effective Time to pay the aggregate Cash Consideration and all other amounts required to be paid by it under the Plan of Arrangement at the Effective Time.

5.4 Mutual Covenants

Subject to Section 5.5 hereto, which shall govern in relation to the HSR Approval, each of the Parties covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, it will:

- (a) use its reasonable commercial efforts to satisfy all conditions precedent in this Agreement, carry out the terms of the Interim Order and the Final Order to the extent applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement and the Arrangement;
- (b) co-operate in the preparation of any application for any orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by any of the Parties to be necessary to discharge its

respective obligations or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement as promptly as practicable hereafter;

- (c) use its reasonable commercial efforts, upon reasonable consultation with the other Party, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, all lawsuits or other legal, regulatory or other proceedings challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (d) promptly notify the other Party in writing of: (i) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with this Agreement or the Arrangement (and the response thereto from such Party or its representatives); (ii) any communication from any Governmental Entity in connection with the transactions and the HSR Approval contemplated by this Agreement (and the response thereto from such Party or its representatives); or (iii) any Legal Action threatened or commenced against or otherwise affecting such Party that is related to the transactions contemplated hereby; and
- (e) not take any action, refrain from taking any reasonable commercial action, or permit any action to be taken or reasonable commercial action to not be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially impede or significantly delay the consummation of the Arrangement contemplated hereby or which would diminish the value of the Company Group (taken as a whole) or the Company Assets in any way, in each case, except as permitted by this Agreement.

5.5 HSR Approval

- (a) Each of the Purchaser and the Company shall, as soon as reasonably practicable, and in any event no later than ten (10) Business Days after the date of this Agreement, file any prescribed notifications under the HSR Act in respect of the transactions contemplated by this Agreement.
- (b) Each of the Parties shall:
 - (i) cooperate and provide information and assistance to the other Party to obtain or conclude the HSR Approval and in respect of any applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) in respect of obtaining or concluding the HSR Approval;
 - (ii) promptly inform the other Party of any communication received from any Governmental Entity in respect of obtaining or concluding the HSR Approval and keep the other Party informed of the status of discussions relating to obtaining or concluding the HSR Approval;
 - (iii) respond promptly to any request or notice from any Governmental Entity requiring the Party to supply additional information in respect of obtaining or concluding the HSR Approval;

- (iv) permit the other Party to review in advance any proposed applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) in respect of obtaining or concluding the HSR Approval, and shall provide the other Party with a reasonable opportunity to comment thereon and agree to consider those comments in good faith;
 - (v) promptly provide the other Party with any applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) that were submitted to, or received from, a Governmental Entity in respect of obtaining or concluding the HSR Approval; and
 - (vi) not participate in any meeting or discussion (whether in person, by telephone or otherwise) with a Governmental Entity in respect of obtaining or concluding the HSR Approval unless it consults with the other Party in advance and gives the other Party the opportunity to attend and participate thereat.
- (c) The Purchaser shall take, or cause to be taken, all commercially reasonable actions and do, or cause to be done, all commercially reasonable things necessary, proper or advisable to obtain or conclude the HSR Approval or eliminate any other impediment under the HSR Act so as to enable the Parties hereto to close the transactions contemplated hereby, as promptly as practicable, and in any event no later than the Outside Date, provided that in no event shall the Purchaser be required to offer, negotiate, agree to or effect any divestiture, agree to any limitation on the use of any assets, or take any similar remedial action in connection with obtaining the HSR Approval.
- (d) Notwithstanding this Section 5.5, where a Party (in this Section 5.5(d) only, a "**Disclosing Party**") is required to provide information to another Party (in this Section 5.5(d) only, a "**Receiving Party**") that the Disclosing Party deems to be competitively sensitive information, the Disclosing Party may restrict the provision of such competitively sensitive information only to the external legal counsel of the Receiving Party, provided that the Disclosing Party also provides a redacted version of any such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Entity) which contains the competitively sensitive information.

5.6 Pre-Acquisition Reorganization

- (a) Subject to the remainder of this Section 5.6, the Company agrees that, upon request of the Purchaser, the Company Group shall use commercially reasonable efforts to (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"), and (ii) cooperate with the Purchaser and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken.
- (b) The Company will not be obligated to perform any Pre-Acquisition Reorganization under Section 5.6(a) [*Pre-Acquisition Reorganization*] unless such Pre-Acquisition Reorganization:

- (i) is effected as close as reasonably practicable prior to the Effective Date;
 - (ii) is not prejudicial to the Company, the Company Subsidiaries, or the Company Shareholders in any respect, including in the circumstance where the Arrangement is not consummated;
 - (iii) does not impair in any respect the ability of the Company or the Purchaser to consummate, and will not in any way jeopardize or materially delay the consummation of, the Arrangement; and
 - (iv) shall not become effective unless the Purchaser has waived in writing or confirmed in writing the satisfaction of all conditions in its favour under Section 6.1 [*Mutual Conditions Precedent*] and Section 6.2 [*Additional Conditions Precedent to the Obligations of the Purchaser*] and the conditions in Section 6.3(c) [*Additional Conditions Precedent to the Obligations of the Company*] are reasonably expected to be fulfilled.
- (c) The Purchaser must provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least 10 Business Days prior to the Effective Date, and no later than 20 Business Days after the date hereof. Upon receipt of such notice, the Company and the Purchaser shall work cooperatively and use its commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement.
- (d) The Purchaser agrees that any Pre-Acquisition Reorganization will not be considered in determining whether any undertaking, obligation, representation, warranty, covenant or agreement of whatever nature of the Company or the Company Subsidiaries under this Agreement has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract).
- (e) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into transactions (the "**Bump Transactions**") designed to step up the tax basis in certain capital property of the Company and/or of the Company Subsidiaries for purposes of the Tax Act and agrees to use commercially reasonable efforts to provide information which is available to the Company and which is reasonably required by the Purchaser in this regard on a timely basis and to use commercially reasonable efforts to assist in the obtaining of any such information in order to facilitate a successful completion of the Bump Transactions or any such other reorganizations or transactions as is reasonably requested by the Purchaser.
- (f) The Purchaser agree to reimburse the Company and the Company Subsidiaries for all reasonable out-of-pocket costs (including legal fees) incurred by the Company or the Company Subsidiaries and their respective advisers, agents and representatives in connection with any of actions contemplated by this Section 5.6 [*Pre-Acquisition Reorganization*], including, if this Agreement is terminated by the Purchaser or the Arrangement is otherwise not consummated, in connection with any unwinding or similar transactions by the Company or the Company Subsidiaries required as a result of actions taken pursuant to this Section 5.6 [*Pre-Acquisition Reorganization*].

5.7 Financing Assistance

- (a) The Company shall provide, and shall use its commercially reasonable efforts to cause its officers, directors, employees or representatives (including any reasonable financial or other advisor) to provide, at the Purchaser's sole expense in accordance with Section 5.7(c), all reasonable and timely cooperation in connection with the bringing in of the Company and the Company Subsidiaries into the Purchaser's debt arrangements as may be reasonably requested by the Purchaser or its affiliates, provided that such request is made on reasonable notice and such co-operation does not: (A) unreasonably interfere with the ongoing operations of the Company; (B) unreasonably interfere with or hinder or delay the Arrangement or the performance by the Company of its obligations; (C) impose any liability upon the Company prior to the Effective Time; or (D) conflict with or violate any applicable Laws, confidentiality obligations or attorney-client privilege, including, if requested by the Purchaser:
 - (i) furnishing the Purchaser and the lenders with such financial information regarding the Company and in the Company's possession as may be reasonably requested by the Purchaser;
 - (ii) using its commercially reasonable efforts to obtain customary accountants' comfort letters, legal opinions, appraisals, surveys, certificate of location and plan, title insurance or title opinions from a firm carrying acceptable insurance coverage and other documentation and items relating to such debt financing as reasonably requested by the Purchaser and, if requested by the Purchaser, to cooperate with and assist the Purchaser in obtaining such documentation and items;
 - (iii) executing and delivering, to be effective as of the Effective Time, any pledge and security documents, other definitive financing documents, or other certificates, legal opinions or documents, as may be reasonably requested by the Purchaser (including a certificate of the Chief Financial Officer of the Company or any Company Subsidiary with respect to solvency matters and consents of accountants for use of their reports in any materials relating to such debt financing) and otherwise facilitating the pledging of collateral as may be reasonably requested by the Purchaser (including cooperation in connection with the pay-off of existing indebtedness and the release of related Liens and other Liens identified by Purchaser if applicable or not insured by title insurance); and
 - (iv) taking all corporate actions, to be effective at the Effective Time and conditional upon the completion of the Arrangement, requested by the Purchaser that are necessary or customary to permit the proceeds of such debt financing, together with the cash of the Company and the Company Subsidiaries, to be made available to the Purchaser on the Effective Date to consummate the transactions contemplated hereby.
- (b) Notwithstanding Section 5.7(a) [*Financing Assistance*], neither the Company nor any of the Company Subsidiaries shall be required to make any binding commitment to borrow money, which commitment is not conditional upon the completion of the Arrangement and does not terminate without liability to the Company or the Company Subsidiaries upon the termination of this Agreement.

- (c) The Purchaser agrees to: (i) reimburse the Company and the Company Subsidiaries for all reasonable out-of-pocket costs (including legal fees) incurred by the Company or the Company Subsidiaries and their respective advisers, agents and representatives; and (ii) indemnify and hold harmless the Company and the Company Subsidiaries from and against all liabilities, losses, damages, claims, costs, expense, interest, wards, judgments or penalties actually suffered or incurred by them, in each case, in connection with any of actions contemplated by this Section 5.7 [*Financing Assistance*], including, if this Agreement is terminated by the Purchaser (other than pursuant to Section 8.2(c)) in accordance with its terms, in connection with any unwinding or similar transactions by the Company or the Company Subsidiaries required as a result of actions taken pursuant to this Section 5.7 [*Financing Assistance*].
- (d) Subject to this Section 5.7, the Purchaser acknowledges that the bringing in of the Company and the Company Subsidiaries into the Purchaser's debt arrangements is not a condition to the consummation of the transactions contemplated by this Agreement.

ARTICLE VI **CONDITIONS**

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated hereby are subject to the fulfillment, on or before the Effective Time or such other time specified, of each of the following conditions precedent:

- (a) the Interim Order shall have been obtained in form and on terms satisfactory to each of the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved and adopted by the Company Securityholders at the Company Meeting by not less than the Securityholders' Vote in accordance with the Interim Order;
- (c) the Final Order shall have been obtained in form and on terms satisfactory to each of the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (d) the Certificate of Arrangement shall have been issued by the Director and the Effective Date shall have occurred not later than the Outside Date;
- (e) the HSR Approval shall have been provided or obtained at or before the Effective Time;
- (f) no Governmental Entity having jurisdiction in the circumstances shall have enacted, issued, promulgated, applied for (or advised any of the Parties in writing that it has determined to make such application), enforced or entered any Law (whether temporary, preliminary or permanent) that restrains, enjoins or otherwise materially conditions or prohibits consummation of, or dissolves the Arrangement contemplated hereby; and
- (g) this Agreement shall not have been terminated in accordance with its terms.

The foregoing conditions precedent are for the mutual benefit of the Parties and may only be waived, in

whole or in part, by the mutual consent of the Parties in writing at any time in their sole discretion without prejudice to any other rights they may have.

6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The obligations of the Purchaser to complete the transactions contemplated hereby shall also be subject to the fulfillment of each of the following conditions precedent:

- (a) all covenants of the Company under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Company in all material respects, and the Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Time, signed on behalf of the Company by two directors or executive officers of the Company (on behalf of the Company and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of the Company set forth in this Agreement shall be true and correct as at the Effective Time, as though made on and as at such time (except that to the extent that any such representation and warranty expressly speaks as of a specific date, such representation and warranty shall be true and correct as at that specific date), except where the failure to be true and correct would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (it being understood that, for this purpose, any reference to "material", Material Adverse Effect or other concept of materiality in such representations or warranties shall be disregarded). The Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Time, signed on behalf of the Company by two directors or executive officers of the Company (on behalf of the Company and without personal liability), confirming the same as at the Effective Time; and
- (c) there is no Legal Action pending or threatened by any person (other than the Purchaser), which has a reasonable likelihood of success, in any jurisdiction to:
 - (i) cease trade, enjoin, prohibit, or impose any material limitations, damages or conditions on, any Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;
 - (ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of the business or assets of the Purchaser, the Company or any of the Company Subsidiaries in any material respect, or compel the Purchaser to dispose of or hold separate any material portion of the business or assets of the Purchaser, the Company or any of the Company Subsidiaries as a result of the Arrangement; or
 - (iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, which could reasonably be expected to have a Material Adverse Effect;
- (d) between the date hereof and the Effective Time, there shall not have been any Material Adverse Effect; and
- (e) Dissent Rights shall not have been validly exercised and not withdrawn with respect to

more than 5% of the issued and outstanding Common Shares (excluding any Common Shares held by the Purchaser or its affiliates).

The foregoing conditions precedent are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in writing at any time in their sole discretion without prejudice to any other rights they may have.

6.3 Additional Conditions Precedent to the Obligations of the Company

The obligations of the Company to complete the transactions contemplated hereby shall also be subject to the following conditions precedent:

- (a) all covenants of the Purchaser under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Purchaser in all material respects, and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Time, signed on behalf of the Purchaser by two directors or executive officers of the Purchaser (on the Purchaser's behalf and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of the Purchaser set forth in this Agreement shall be true and correct (for representations and warranties qualified as to materiality, true and correct in all respects, and for all other representations and warranties, true and correct in all material respects) as at the Effective Time, as though made on and as of such time (except that to the extent that any such representation and warranty expressly speaks as of a specific date, such representation and warranty shall be true and correct as at that specific date), except where the failure to be true and correct would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement. The Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Time, signed on behalf of each of the Purchaser by two directors or executive officers of the Purchaser (on the Purchaser's behalf and without personal liability), confirming the same as at the Effective Time; and
- (c) The Purchaser shall have deposited or caused to be deposited in escrow with the Depositary at or prior to the Effective Time, the Cash Consideration payable to the Company Shareholders and the Company shall have received written confirmation of the receipt of such funds by the Depositary.

The foregoing conditions precedent are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in writing at any time in its sole discretion without prejudice to any other rights it may have.

ARTICLE VII

ADDITIONAL AGREEMENTS

7.1 Notice and Cure Provisions

- (a) Each Party will give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earliest to occur of the termination of this Agreement or the Effective Time, of any event or state of facts which occurrence or

failure would, or would be reasonably likely to:

- (i) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Effective Time; or
 - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time.
- (b) The Purchaser may not exercise its right to terminate this Agreement pursuant to Section 8.2(c)(ii) [*Termination*] and the Company may not exercise its right to terminate this Agreement pursuant to Section 8.2(d)(i) [*Termination*] unless the Party seeking to terminate the Agreement (the "**Terminating Party**") shall have delivered a written notice ("**Termination Notice**") to the other Parties, including any Party alleged to be in breach hereof (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other obligations or matters that the Terminating Party is asserting as the basis for the termination right. If any Termination Notice is delivered, provided that the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right, until the earlier of: (i) the Outside Date; and (ii) the date that is 10 Business Days following receipt of the Termination Notice by the Breaching Party, if such matter has not been cured by such date.

7.2 Non-Solicitation

- (a) The Company shall, and shall cause the Company Subsidiaries, and their respective officers, directors, Company Employees, representatives and agents to, immediately cease and terminate, or cause to be terminated, any existing solicitations, encouragements, discussions, negotiations or other activities commenced prior to the date of this Agreement with any person (other than the Purchaser) relating to any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal.
- (b) In connection with Section 7.2(a) [*Non-Solicitation*], the Company shall: (i) immediately discontinue access and disclosure of all information, including any data room, any confidential information, properties, facilities, books and records of the Company or any Company Subsidiary relating to any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal; and (ii) promptly request and use its reasonable commercial efforts to require: (A) the return or destruction of all information provided to any person other than the Purchaser; and (B) the destruction of all material including or incorporating or otherwise reflecting such information; in each case to the extent provided to any third party (or to its officers, directors, employees, representatives or agents) that has entered into a confidentiality agreement with the Company relating to a potential Acquisition Proposal to the extent that such information has not previously been returned or destroyed; and shall use its reasonable commercial efforts to ensure that such requests are fully complied with.
- (c) The Company covenants and agrees: (i) that it shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which it or any of the Company Subsidiaries

is a party to the fullest extent permitted under applicable Law, including by obtaining injunctions to prevent any breaches of such agreements and to enforce specifically the terms and provisions thereof; and (ii) that neither it, nor any of the Company Subsidiaries, nor any of their respective officers, directors, Company Employees, representatives or agents have released or shall, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any person from, or terminate, waive, amend, suspend or otherwise modify such person's obligations respecting the Company or any of the Company Subsidiaries under any confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which the Company or any of the Company Subsidiaries is a party, except to the extent any such obligations terminate according to their terms without any amendments thereto.

- (d) Except as expressly provided in this Section 7.2 [*Non-Solicitation*], the Company shall not, directly or indirectly, through any officer, director, Company Employee, consultant, investment banker, lawyer, accountant or other representative (including any financial or other advisor) or agent of the Company or any of the Company Subsidiaries, or otherwise:
- (i) solicit, assist, initiate, or knowingly facilitate or encourage (including by way of furnishing or providing copies of, access to, or disclosure of any information or permitting any visit to any properties, facilities, books or records or entering into any agreement, arrangement or understanding) any inquiries, proposals or offers that constitute or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (ii) enter into or otherwise engage or participate in any discussions or negotiations with any person regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (iii) withdraw, amend, modify or qualify, or propose publicly or state an intention to withdraw, amend, modify or qualify, or fail to publicly reaffirm, the approval of the Board or any committee thereof of this Agreement, the Arrangement or the transactions contemplated hereby or the recommendation of the Board that the Company Securityholders vote in favour of the Arrangement;
 - (iv) furnish or provide access to any information or data concerning the Company, the Company Subsidiaries or their respective businesses, properties or assets to any person in connection with any proposals or offers that constitute, or that could reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (v) accept, approve, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, or take no position or a neutral position on behalf of the Company with respect to any publicly announced or publicly proposed Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five Business Days following the public disclosure of such Acquisition Proposal will not be considered to be in violation of this Section 7.2, provided the Board has rejected such Acquisition Proposal and affirmed the Board's approval of this Agreement, the Arrangement and the transactions contemplated hereby

and the recommendation of the Board that the Company Securityholders vote in favour of the Arrangement before the end of such five Business Day period); or

- (vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, memorandum of understanding, agreement in principle or other agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.2(e)(iv)).
- (e) Notwithstanding Section 7.2(d), or any other provision hereof, if at any time prior to obtaining the approval by the Company Securityholders of the Arrangement Resolution, the Company receives a written Acquisition Proposal, the Company shall be permitted to enter into or participate in any discussions or negotiations with such third party in response to such Acquisition Proposal and may provide copies of, or access to or disclosure of information, properties, facilities, books or records of the Company if and only if:
 - (i) the Board first determines in good faith, after consultation with its outside legal counsel, that based on the information then available and after consultation with its Financial Advisor, such Acquisition Proposal constitutes, or would reasonably be expected to constitute or lead to, a Superior Proposal, and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
 - (ii) such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar agreement, restriction or covenant with the Company;
 - (iii) the Company has been, and continues to be, in compliance with its obligations under this Section 7.2;
 - (iv) prior to providing any such copies, access or disclosure, the Company enters into a confidentiality and standstill agreement with such person with terms at least as restrictive in all material respects on such person as the Confidentiality Agreement and any such copies, access or disclosure provided to such person shall have already been (or simultaneously be) provided to the Purchaser; and
 - (v) the Company provides the Purchaser with:
 - (A) two Business Days prior written notice stating the intention of the Company to participate in such discussions or negotiations and to provide such copies, access or disclosure and that the Board has determined that failure to take such action would be inconsistent with its fiduciary duties; and
 - (B) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality agreement referred to in Section 7.2(e)(iv).
- (f) The Company shall promptly notify the Purchaser, at first orally and then within 48 hours in writing, of any proposal, inquiry, offer or request relating to, or constituting an Acquisition Proposal or any amendments to the foregoing or any request for non-public

information relating to the Company in connection with an Acquisition Proposal or for access to the properties, facilities, books or records of the Company or any of the Company Subsidiaries by any person that informs the Company that it is considering making, or has made, an Acquisition Proposal and any amendment thereto. If in writing or electronic form, the Company shall provide a copy thereof to the Purchaser, and if not in writing or electronic form, the Company shall provide to the Purchaser a description of the terms and conditions of any such Acquisition Proposal or proposal, inquiry, offer or request and shall further provide the identity of the person making any such Acquisition Proposal or proposal, inquiry, offer or request. The Company shall keep the Purchaser fully informed of the status of, developments to and any change in the terms of any such Acquisition Proposal or proposal, inquiry, offer or request. The Company shall provide to the Purchaser copies of all correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the terms of such correspondence sent to the Company by or on behalf of any person making any such Acquisition Proposal.

- (g) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Company Securityholders, the Board may, subject to compliance with Section 7.3 [*Termination Fee and Expense Reimbursement*], accept, approve or recommend such Acquisition Proposal, or enter into a definitive agreement with respect to such Superior Proposal, if and only if:
 - (i) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar agreement, restriction or covenant;
 - (ii) the Company has been, and continues to be, in compliance with all of its obligations under this Section 7.2;
 - (iii) the Company has provided the Purchaser with written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisor(s), has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");
 - (iv) the Company has provided the Purchaser with a copy of the proposed definitive agreement for the Superior Proposal and all material supporting materials;
 - (v) at least five Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 7.2(g)(iv);
 - (vi) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 7.2(h), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (vii) after the expiry of the Matching Period, the Board has determined in good faith,

- after consultation with its outside legal counsel and its financial advisor(s), that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 7.2(h));
- (viii) the Board has determined in good faith, after consultation with its outside legal counsel that the failure to take such action would be reasonably likely to result in a breach of its fiduciary duties;
 - (ix) the Company concurrently terminates this Agreement pursuant to Section 8.2(d)(ii) [*Termination*]; and
 - (x) the Company has previously, or concurrently shall have, paid to or as directed by the Purchaser the Termination Fee.
- (h) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (i) the Board shall review any offer made by the Purchaser under Section 7.2(g)(vi) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated hereby on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (i) The Board shall promptly reaffirm its recommendation of the Arrangement by news release after any Acquisition Proposal is publicly announced or made if: (i) the Board determines that such Acquisition Proposal is not a Superior Proposal; or (ii) the Board determines that a *bona fide* proposal to amend the terms of the Arrangement as contemplated under Section 7.2(g)(vi) would result in such Acquisition Proposal not being a Superior Proposal. The Purchaser and its counsel and other advisors shall be given a reasonable opportunity by the Company to review and comment on the form and content of any such news release and shall make all reasonable amendments to such news release as requested by the Purchaser or its counsel.
- (j) Each successive amendment or modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of this Section 7.2 and the Purchaser shall be afforded a new Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 7.2(g)(iv) with respect to the new Superior Proposal from the Company.
- (k) Nothing contained in this Agreement shall prevent the Board from complying with Section 2.17 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of directors' circular and making appropriate disclosure to its Securityholders. For greater certainty, this Section

7.2(k) does not affect the applicability of the provisions of Section 7.3 and Section 8.2.

- (l) Without limiting the generality of the foregoing, the Company shall advise the Company Subsidiaries and their respective officers, directors, agents and representatives of the prohibitions set out in this Section 7.2, and any material violation of the restrictions set forth in this Section 7.2 by the Company, the Company Subsidiaries or their respective officers, directors, agents or representatives is deemed to be a breach of this Section 7.2 by the Company.

7.3 Termination Fee and Expense Reimbursement

- (a) In consideration for the disposition of its rights under this Agreement, the Company shall pay, or cause to be paid, to the Purchaser (or to such affiliate of the Purchaser as it may direct in writing) by wire transfer of immediately available funds an amount equal to \$9,000,000 (the "**Termination Fee**") if:
 - (i) the Purchaser shall have terminated this Agreement pursuant to Section 8.2(c)(i) [*Termination for Certain Board Actions*] or 8.2(c)(iii) [*Termination for Breach of Non-Solicit*], in which case payment shall be made within two Business Days of such termination;
 - (ii) the Company shall have terminated this Agreement pursuant to Section 8.2(d)(ii) [*Termination for Superior Proposal*], in which case payment shall be made prior to or simultaneously with such termination; or
 - (iii) the Company or the Purchaser shall have terminated this Agreement pursuant to Section 8.2(b)(i) [*Effective Time not Prior to Outside Date*] or Section 8.2(b)(ii) [*Failure of Company Securityholders to Approve*], or the Purchaser shall have terminated this Agreement pursuant to Section 8.2(c)(ii) [*Breach of Reps, Warranties and Covenants by Company*], if: after the date hereof, but prior to such termination of this Agreement: (A) an Acquisition Proposal shall have been publicly announced or a person shall have publicly announced an intention to do so; (B) the Securityholders' Vote shall have been held prior to the Outside Date, while any Acquisition Proposal remains outstanding or would be reasonably likely to recur should this Agreement be terminated and the Arrangement Resolution shall not have been approved pursuant thereto; and (C) within twelve months after the date of the termination of this Agreement, any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) is consummated by the Company, in which case payment shall be made on the date on which such Acquisition Proposal is consummated (subject to Section 7.3(c)).
- (b) The Company shall reimburse the Purchaser, or cause the Purchaser to be reimbursed, for all documented out-of-pocket fees, costs and expenses incurred by the Purchaser in connection with this Agreement and the Arrangement, by wire transfer of immediately available funds, in an amount not to exceed \$1,000,000 (the "**Expense Reimbursement Amount**") if any Party shall have terminated this Agreement pursuant to Section 8.2(b)(ii) [*Termination for Failure to Obtain Shareholders' Vote*], in which case payment shall be made within two Business Days of such termination. Any such fee shall be credited against any fee payable pursuant to Section 7.3(a)(iii).

- (c) The Company shall only be obligated to pay the Termination Fee or the Expense Reimbursement Amount once pursuant to this Section. In no event shall the Company be obligated to pay both the Termination Fee and the Expense Reimbursement Amount, provided that if the Company pays the Expense Reimbursement Amount pursuant to Section 7.3(b), and subsequent to the termination of this Agreement, a Termination Fee is payable pursuant to Section 7.3(a)(iii), then the Termination Fee (less the amount of the Expense Reimbursement Amount paid to the Purchaser, which shall be credited against the Termination Fee) shall be payable to the Purchaser.
- (d) This Section 7.3 shall survive termination of this Agreement.

7.4 Liquidated Damages

The Parties acknowledge that the payment of the Termination Fee set forth in Section 7.3 [*Termination Fee and Expense Reimbursement*] is the payment of liquidated damages that is a genuine pre-estimate of the damages the Purchaser will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and the Termination Fee represents consideration for the Purchaser's disposition of its rights under this Agreement. The Company irrevocably waives any right it may have to raise as a defense that any such liquidated damages are excessive or punitive. For greater certainty, the Purchaser agrees that the right of the Purchaser to receive payment of the amount determined pursuant to Section 7.3 [*Termination Fee and Expense Reimbursement*] in the manner provided therein is the sole and exclusive remedy of the Purchaser in respect of the event giving rise to such payment. Nothing contained in this Section 7.4 shall prohibit or limit the Purchaser from seeking injunctive or other equitable relief prior to the valid termination of this Agreement.

7.5 Fees and Expenses

Subject to Section 7.3(b), each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement. Notwithstanding the foregoing, the Purchaser shall pay the filing fees required to obtain the HSR Approval.

7.6 Access to Information; Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Laws and the terms of any existing Contracts, the Company shall, and shall cause the Company Subsidiaries and their respective officers, directors, Company Employees, independent auditors, advisers and agents to afford to the Purchaser and to its officers, employees, agents and representatives or lenders such access as the Purchaser may reasonably request at all reasonable times to its and the Company Subsidiaries' officers, senior employees, agents, offices, premises, properties, books, records and Contracts, and shall make available to the Purchaser all data and information as the Purchaser may reasonably request, provided such access does not cause any unreasonable disruption to the business and operations of the Company prior to the Effective Time. The Purchaser acknowledge and agree that all such information that is confidential, non-public or proprietary in nature provided pursuant to this Section 7.6 is subject to the provisions of the Confidentiality Agreement.

7.7 Privacy Matters

- (a) Prior to the completion of the transactions contemplated in this Agreement, Recipient covenants and agrees to:
 - (i) use and disclose the Transferred Information solely for the purpose of reviewing

and completing the transactions contemplated herein, including for the purpose of determining to complete such transactions;

- (ii) protect the Transferred Information by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, copying, modification, disposal or destruction; providing, however, that such arrangements include, at a minimum, safeguards that are appropriate to the sensitivity of the Transferred Information; and
 - (iii) if the transactions contemplated herein do not proceed, return the Transferred Information to the Disclosing Party or destroy it, at the Disclosing Party's election, within a reasonable time.
- (b) After the completion of the transactions contemplated in this Agreement, each of the parties agrees to:
 - (i) collect, use and disclose the Transferred Information under its control only for those purposes for which the Transferred Information was initially collected, permitted to be used or disclosed, unless
 - (A) the Disclosing Party or Recipient have first notified the individual about whom the Transferred Information related of any additional purpose, and where required by applicable Laws, obtained the consent of such individual to such additional purpose, or
 - (B) such use or disclosure is permitted or authorized by applicable Laws, without notice to, or consent from, such individual;
 - (ii) protect the Transferred Information under its control by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, copying, modification, disposal or destruction; providing, however, that such arrangements include, at a minimum, safeguards that are appropriate to the sensitivity of such Transferred Information; and
 - (iii) give effect to any withdrawal of consent made by an individual to whom the Transferred Information under its control relates.
- (c) The Purchaser further agrees, where required by applicable Laws, to promptly notify the individuals about whom the Transferred Information relates that the transactions contemplated herein have taken place and that their personal information has been disclosed to the Purchaser.

7.8 Insurance and Indemnification

- (a) Prior to the Effective Time, the Company shall purchase run-off directors' and officers' liability insurance, on terms it reasonably determines to be acceptable, for a period of six years from the Effective Time.
- (b) The Purchaser agrees that it shall cause the Company to honor all rights to indemnification or exculpation agreements, arrangements or rights now existing in favour of present and former officers and directors of the Company and the Company

Subsidiaries. All rights to indemnification or exculpation shall survive the completion of the Arrangement and the provisions of this Section 7.8 shall be binding, jointly and severally, on all successors of the Company.

- (c) The provisions of this Section 7.8 are intended for the benefit of, and shall be enforceable by, each insured or indemnified person, his or her heirs, executors, administrators and legal representatives and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on their behalf.

7.9 De-Listing of Common Shares

Subject to applicable Laws, the Purchaser and the Company shall use their reasonable commercial efforts to cause the Common Shares to be delisted from the Exchange at or promptly following the completion of the Arrangement.

7.10 Resignations

The Company shall deliver to the Purchaser prior to the Effective Time evidence reasonably satisfactory to the Purchaser of the resignations, effective as of the time specified in the Plan of Arrangement or as of the Effective Time, as applicable, of all of the directors and officers of the Company requested by the Purchaser. Such resignations shall be received in consideration for the Company Group and each such person providing mutual releases (in a form satisfactory to the Purchaser and such resigning person, each acting reasonably) (the "**Mutual Releases**"), which Mutual Releases shall (i) contain exceptions for amounts or obligations owing to such directors and/or officers, including for accrued but unpaid salary, directors' fees, bonuses, or other payments due pursuant to the Arrangement as a Company Shareholder or Company Optionholder, benefits and other compensation or pursuant to indemnity or directors' and officers' insurance arrangements or any Employee Obligations and (ii) exclude fraud, willful misconduct, breach of fiduciary duty and/or breach of confidentiality by any such director and/or officer. Such resignation shall be subject to Section 2.13(a) hereof.

ARTICLE VIII

TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

- (a) Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of the Purchaser and the Company.
- (b) Termination by any Party. This Agreement may be terminated by either the Purchaser or the Company at any time prior to the Effective Time:
 - (i) if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this clause shall not be available to any Party whose failure to fulfill any of its obligations in this Agreement or breach of its representations and warranties has been the cause of, or resulted in,

the failure of the Effective Time to occur by such date; or

- (ii) if the Arrangement Resolution is not approved by the Securityholders' Vote at the Company Meeting (or any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) Termination by the Purchaser. This Agreement may be terminated by the Purchaser at any time prior to the Effective Time:
 - (i) if:
 - (A) the Board shall have failed in the Company Circular to publicly recommend this Agreement or the Arrangement in the manner contemplated by Section 2.6 [*The Company Circular*];
 - (B) the Board or any committee thereof shall have withdrawn, withheld or qualified, amended or modified, its approval or recommendation of the Arrangement, or the Board or any committee thereof or publicly announces its intention to do, or that it has done, any of the foregoing;
 - (C) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal, or the Board fails to recommend against acceptance of a publicly announced or commenced Acquisition Proposal within five Business Days after the Purchaser requests in writing that it do so;
 - (D) the Board or any committee of the Board accepts or enters into, or publicly proposes to accept or enter into, any agreement (other than a confidentiality agreement permitted by and in accordance with Section 7.2 [*Non-Solicitation*]), understanding or arrangement in respect of an Acquisition Proposal; or
 - (E) the Board or any committee thereof fails to publicly reaffirm its recommendation of this Agreement and the Arrangement within five Business Days after the announcement or commencement of any Acquisition Proposal or within five Business Days after having been requested to do so by the Purchaser; or
 - (F) the Board or any committee of the Board resolves or proposes to take any of the foregoing actions;
 - (ii) subject to Section 7.1 [*Notice and Cure Provisions*], if the Purchaser is not then in breach of this Agreement and the Company breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in Section 6.1 [*Mutual Conditions Precedent*] or Section 6.2 [*Additional Conditions Precedent to the Obligations of the Purchaser*];

- (iii) the Company willfully breaches Section 7.2 [*Non-Solicitation*]; or
 - (iv) if all of the conditions to the completion of the Arrangement for the benefit of the Purchaser have not been satisfied or waived on or prior to the date specified for such conditions to be satisfied or, in the absence of any such date, on or prior to the Outside Date, other than as a result of a breach of this Agreement by the Purchaser.
- (d) Termination By the Company. This Agreement may be terminated by the Company at any time prior to the Effective Time if:
- (i) subject to Section 7.1 [*Notice and Cure Provisions*], the Company is not in breach of any of its obligations under this Agreement and the Purchaser breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breaches would, individually or in the aggregate, give rise to the failure of a condition set forth in Section 6.1 [*Mutual Conditions Precedent*] or Section 6.3 [*Additional Conditions Precedent to the Obligations of the Company*];
 - (ii) before the Company Securityholders have approved the Arrangement Resolution, the Board authorizes the Company or any Company Subsidiary to enter into, or the Company or any Company Subsidiary enters into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of Section 7.2(g) [*Non-Solicitation*], provided that the Company has previously paid or concurrently pays to the Purchaser the Termination Fee in accordance with Section 7.3 [*Termination Fee and Expense Reimbursement*]; or
 - (iii) if all of the conditions to the completion of the Arrangement for the benefit of the Company have not been satisfied or waived on or prior to the date specified for such conditions to be satisfied or, in the absence of any such date, on or prior to the Outside Date, other than as a result of a breach of this Agreement by the Company.
- (e) Effect of Termination. If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.2, this Agreement shall forthwith become void and of no further force or effect and no Party shall have any further obligations or liability hereunder except as provided in Section 5.2(i) [*Covenants of the Company Regarding Arrangement*], Section 7.3 [*Termination Fee and Expense Reimbursement*], Section 7.4 [*Liquidated Damages*], Section 7.5 [*Fees and Expenses*], Section 7.7 [*Privacy Matters*], Section 9.2 [*Governing Law*], Section 9.3 [*Equitable Remedies*], Section 9.7 [*No Third Party Beneficiaries*] and this Section 8.2(e) and as otherwise expressly contemplated hereby. For greater certainty, if this Agreement is terminated in accordance with the foregoing provisions of this Section 8.2, (i) the Parties' obligations in regards to Transferred Information, as provided for in Section 7.7 [*Privacy Matters*], (ii) the Parties' obligations under the Confidentiality Agreement (pursuant to the terms set out therein) and (iii) the Company's obligations to pay the Termination Fee and/or Expense Reimbursement Amount in accordance with Section 7.3 [*Termination Fee and Expense Reimbursement*], shall each survive such termination. Nothing in this Agreement shall relieve any Party from liability for any breach by it of this Agreement (including any misrepresentation) that occurred prior to the date of termination. In addition, nothing in

this Agreement shall limit any remedies of a Party for specific performance under Section 9.3 [*Equitable Remedies*] prior to termination of this Agreement.

8.3 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Company Securityholders, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) modify any of the covenants contained herein and modify performance of any of the obligations of the Parties; and/or
- (d) modify any conditions precedent contained herein,

provided that no such amendment reduces or materially adversely affects the consideration to be received by the Company Shareholders without approval by the affected the Company Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

8.4 Waiver

The Company, on the one hand, and the Purchaser, on the other hand, may:

- (a) extend the time for the performance of any of the obligations or acts of the other;
- (b) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other;

provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Parties and, unless otherwise provided in the written waiver, shall be limited to the specific breach, covenant or condition waived. A Party's failure or delay in exercising any right under this Agreement shall not operate as a waiver of that right. A single or partial exercise of any right shall not preclude a Party from any other further exercise of that right or the exercise of any other right.

ARTICLE IX GENERAL PROVISIONS

9.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally before

5:00 pm (Toronto time) or otherwise on the following Business Day, or as of the date sent or delivered if sent by facsimile or e-mail transmission before 5:00 pm (Toronto time) or otherwise on the following Business Day, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

if to the Company:

ZCL Composites Inc.
1420 Parsons Road S.W.
Edmonton, Alberta T6X 1M5

Attention: Ted Redmond
Facsimile: (780) 466-6126
E-mail: ted.redmond@zcl.com

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East
855-2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: David Spencer/James McClary
Facsimile: (403) 265-7219
E-mail: spencerd@bennettjones.com
mcclaryj@bennettjones.com

if to the Purchaser:

Shawcor Ltd.
25 Bethridge Rd.
Toronto, Ontario M9W 1M7

Attention: Tim Hutzul
Facsimile: (416) 744-5531
E-mail: tim.hutzul@shawcor.com

with a copy to (which shall not constitute notice):

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attention: Simon Romano
Facsimile: (416) 947-0866
E-mail: sromano@stikeman.com

9.2 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Alberta and the federal Laws of Canada applicable therein, and shall be construed and treated in all respects as an Alberta contract. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under and in relation to this Agreement and the Arrangement.

9.3 Equitable Remedies

- (a) The Parties agree that irreparable harm would occur for which monetary damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, except as provided for in Section 7.4 [*Liquidated Damages*] the Parties shall be entitled to equitable remedies, including specific performance, a restraining order and interlocutory, preliminary and permanent injunctive relief and other equitable relief, to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement, and hereby waive any requirement for the securing or posting of any bond in connection with obtaining any such injunctive or other equitable relief. Such remedies shall not be the exclusive remedies for any breach of this Agreement but shall be in addition to all other remedies available at law or equity to each of the Parties.
- (b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that: (i) by seeking the remedies provided for in this Section 9.3, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement (including monetary damages), and (ii) nothing set forth in this Section 9.3 shall require any Party hereto to institute any proceeding for (or limit any Party's right to institute any proceeding for) specific performance under this Section 9.3 prior or as a condition to exercising any termination right under this Agreement (and/or receipt of any amounts due in connection with such termination), nor shall the commencement of any legal action or legal proceeding pursuant to this Section 9.3 or anything set forth in this Section 9.3 restrict or limit any Party's right to terminate this Agreement in accordance with the terms hereof, or pursue any other remedies under this Agreement that may be available then or thereafter.

9.4 Assignment, Binding Effect and Entire Agreement

- (a) Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto, but consent of the Company shall not be required in the case of an assignment by the Purchaser to an affiliate that is directly majority-owned by the Purchaser; provided, that, such assignee and the Purchaser shall be jointly and severally liable with respect to all of the obligations of the Purchaser, including the representations, warranties, covenants, indemnities and agreements of the Purchaser.
- (b) This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and permitted assigns.
- (c) This Agreement (including the Recitals and Schedules hereto) and the Confidentiality Agreement (which shall terminate at the Effective Time) constitute the entire agreement among the Parties, and supersede all other prior agreements, understandings, negotiations and discussions, both written and oral, between the Parties with respect to the subject matter hereof and thereof. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. Other than the Data Room Materials, the Parties have not relied

on and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated hereby.

9.5 Further Assurances

Each Party shall, from time to time and at all times hereafter, at the request of the other Parties, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

9.6 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, that provision will be severed from this Agreement and all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.7 No Third Party Beneficiaries

Except as provided in Sections 7.8 [*Insurance and Indemnification*], 2.12(c) [*Treatment of Company Options*] and except for the rights of the Company Shareholders to receive the Cash Consideration for their Common Shares contemplated by the Plan of Arrangement following the Effective Time, which rights are hereby acknowledged and agreed by the Purchaser, this Agreement shall not confer any benefits or rights or remedies upon any person other than the Parties to this Agreement and no person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Purchaser appoints the Company as the trustee for the directors and officers of the Company and the Company Subsidiaries, as applicable, of the covenants of the Purchaser as specified in Section 7.8 [*Insurance and Indemnification*] of this Agreement and the Company accepts such appointment and agrees to hold the benefit and enforce the performance of such covenants on behalf of such persons. The Parties reserve the right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any person who is not a Party, without notice to or consent of that person.

9.8 Counterparts, Execution

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature Page Follows]

IN WITNESS WHEREOF each of the Parties has caused this Agreement to be executed as of the date of this Agreement by their respective officers thereunto duly authorized.

SHAWCOR LTD.

Per: (signed) "Gaston Tano"
Name: Gaston Tano
Title: SVP, Finance and Chief Finance Officer

ZCL COMPOSITES INC.

Per: (signed) "Edward J. Redmond"
Name: Edward J. Redmond
Title: President and Chief Executive Officer

SCHEDULE "A"

to the Arrangement Agreement

Special Resolution of the Company Securityholders pursuant to Section 192 of the CBCA

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (Alberta) (the "**CBCA**") involving ZCL Composites Inc. ("**Company**") and Shawcor Ltd. ("**Purchaser**"), as more particularly described and set forth in the Management Information Circular of the Company dated [●], 2019 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or have been amended, involving the Company (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the arrangement agreement dated as of January 20, 2019 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.
3. The Arrangement Agreement (including the Plan of Arrangement), the actions of the directors of the Company in approving the Arrangement and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified, approved and adopted.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Company Securityholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Company Securityholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement, at any time prior to the issuance of the certificate giving effect to the Arrangement.
5. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to make an application to the Court for an order approving the Arrangement and to deliver to the Director the Articles of Arrangement, a certified copy of the Final Order (all as defined in the Arrangement Agreement) and to execute and, if appropriate, deliver such other documents as are necessary or desirable to the Director pursuant to the CBCA in accordance with the Arrangement Agreement.
6. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute, or cause to be executed, and to deliver, or cause to be delivered, all such other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things as in such person's opinion may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "B"
to the Arrangement Agreement

Plan of Arrangement

(attached)

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless indicated otherwise, any capitalized term used herein but not defined shall have the meaning ascribed thereto in the Arrangement Agreement and the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

"**affiliate**" has the meaning given in the Securities Act;

"**Arrangement**" means an arrangement under the provisions of Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 5.1 hereof or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement made as of January 20, 2019 among the Company and the Purchaser (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Arrangement Resolution**" means the special resolution to approve the Arrangement to be presented to the Company Securityholders at the Company Meeting, substantially in the form set forth in Schedule "A" to the Arrangement Agreement;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

"**Business Day**" means any day, other than a Saturday, a Sunday, or a day on which banks in Calgary, Alberta or Toronto, Ontario are generally not open for business;

"**Cash Consideration**" means the cash amount to be paid for each Common Share pursuant to the terms of the Arrangement, being \$10.00 per Common Share;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Certificate of Arrangement**" means the certificate or proof of filing to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Common Shares**" means the common shares of the Company;

"Company" means ZCL Composites Inc.;

"Company Circular" means the notice of the Company Meeting and the accompanying Company information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference therein, to be sent to the Company Securityholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"Company DSUs" means the deferred share units granted under the Company Incentive Plan which are outstanding immediately prior to the Effective Time and, for greater certainty, includes any deferred share units credited or to be credited as dividend-equivalent rights pursuant to the Company Incentive Plan;

"Company Incentive Plan" means the 2015 incentive plan of the Company, dated effective March 5, 2015;

"Company Meeting" means the special meeting of the Company Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with this Agreement and the Interim Order to consider the Arrangement Resolution and any other matters which may be properly proposed to be voted on by the Company Securityholders;

"Company Optionholders" means the holders of Company Options;

"Company Options" means the options to purchase Common Shares granted pursuant to the Stock Option Plan which are outstanding immediately prior to the Effective Time;

"Company PSUs" means the performance share units granted under the Company Incentive Plan which are outstanding immediately prior to the Effective Time and, for greater certainty, includes any performance share units credited or to be credited as dividend-equivalent rights pursuant to the Company Incentive Plan;

"Company Securityholders" means, collectively, the Company Shareholders and Company Optionholders;

"Company Shareholders" means the holders of the Common Shares at any applicable time;

"Court" means the Court of Queen's Bench of Alberta;

"Depositary" means such person as the Purchaser may appoint to act as depositary for the Common Shares in relation to the Arrangement, with the approval of the Company, acting reasonably;

"Director" means the Director appointed under section 260 of the CBCA;

"Dissent Rights" has the meaning specified in Section 3.1;

"Dissenting Shareholder" means a registered Company Shareholder who has validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such registered Company Shareholder;

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 12:01 a.m. (Calgary time) on the Effective Date (or such other time as the Parties agree to in writing before the Effective Date);

"Employer Entity" means, in respect of any holder of Company PSUs or Company DSUs, the corporation that employs such holder immediately prior to the cancellation of such Company PSUs or DSUs pursuant to the Plan of Arrangement, which may be the Company or any subsidiary thereof;

"Exchange" means the Toronto Stock Exchange;

"Final Order" means the final order of the Court approving the Arrangement pursuant to subsection 192(3) of the CBCA, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably, at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"Governmental Entity" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, commission, agency, board, agent or authority of any of the foregoing; (c) the Exchange; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Interim Order" means the interim order of the Court under subsection 192(3) of the CBCA, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"Law" or "Laws" means all laws (including common law), statutes, by-laws, rules, regulations, principles of law and equity, orders, codes, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, Securities Laws and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term **"applicable"** with respect to such Laws (including Securities Laws) and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or Parties or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"Letter of Transmittal" means the letter of transmittal to be sent by the Company to Company Shareholders for use by Company Shareholders with respect to the Arrangement;

"Liens" means any mortgage, charge, hypothec, prior claim, lien (statutory or otherwise), pledge, assignment for security, security interest, guarantee, option, right of first refusal or first offer, occupancy right or defect of title, any other right of third parties or other encroachment or encumbrance, or any collateral securing the payment obligations of any person, as well as any other agreement or arrangement with any similar effect whatsoever, in each case, whether contingent or absolute;

"Option Consideration" means the aggregate consideration payable on the surrender of Company Options under this Plan of Arrangement in accordance with the terms of an Option Exercise or Surrender Agreement, being for each surrendered Company Option, an amount equal to the product of (i) the excess

of the Cash Consideration over the exercise price per Common Share for such Company Option and (ii) the number of Common Shares that are covered by such Company Option. Notwithstanding the foregoing, if the exercise price per Common Share for any Company Option is equal to or greater than the Cash Consideration, then the Option Consideration for such Company Option shall be \$0.01;

"Option Exercise or Surrender Agreement" means the agreement to be entered into by a Company Optionholder with the Company and the Purchaser prior to the Effective Time pursuant to which each such holder elects to exercise or surrender his, her or its respective Company Options in accordance with the Plan of Arrangement;

"Parties" means, collectively, the Purchaser and the Company, and **"Party"** means any one of the Purchaser or the Company;

"person" includes an individual, corporation, limited or general partnership, limited or unlimited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement", "hereof", "herein", "hereto" and like references mean and refer to this plan of arrangement under Section 192 of the CBCA;

"Purchaser" means Shawcor Ltd.;

"Stock Option Plan" means the stock option plan (2018) of the Company dated May 4, 2018, as amended effective December 8, 2008, March 10, 2009, March 7, 2012, March 17, 2015 and March 16, 2018;

"Tax" or **"Taxes"** means any and all domestic and foreign federal, state, provincial, territorial, municipal and local taxes, assessments and other governmental charges, duties, impositions, liabilities, levies and other charges or assessment of any kind whatsoever imposed by any Governmental Entity, including Canada Pension Plan and provincial pension plan contributions, installments, unemployment insurance contributions and employment insurance contributions, worker's compensation premiums, and deductions at source, including taxes based on or measured by gross receipts, gross income, net income, profits, sales, capital, use and occupation, and including goods and services, harmonized value added, ad valorem, transfer, franchise, withholding, customs, payroll, stamp, recapture, premium, windfall profits, employment, excise and property duties and taxes, together with any interest, penalties, fines and additions imposed with respect to such amounts; and

"Tax Act" means the *Income Tax Act* (Canada).

Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement shall have the same meaning herein as in the CBCA, unless the context otherwise requires.

1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

- (1) Interpretation Not Affected by Headings. The division of this Plan of Arrangement into Articles

and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Plan of Arrangement.

- (2) Currency. Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.
- (3) Interpretation. In this Plan of Arrangement, words importing the singular number include the plural and vice versa, and words importing any gender include all genders. The term "third party" means any person other than the Company, the Company Subsidiaries, the Purchaser and their respective affiliates.
- (4) Statutory References. In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.
- (5) Accounting Principles. All accounting terms used in this Plan of Arrangement are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.
- (6) Subsidiaries. To the extent any covenants or agreements relate, directly or indirectly, to a Company Subsidiary, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Company Subsidiary to perform the required action.
- (7) Date for Any Action. Except as otherwise specified, if the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.
- (8) Agreements. All references in this Plan of Arrangement to any agreement, Contract, document or instrument means such agreement, Contract, document or instrument, as amended, restated or supplemented in accordance with the terms thereof, and includes all schedules, exhibits and other attachments, in each case as of the date hereof.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the

Purchaser, the Company, all Company Shareholders (including Dissenting Holders), all Company Optionholders, all holders of Company DSUs and Company PSUs, the registrar and transfer agent in respect of the Common Shares and the Depositary at and after the Effective Time without any further act or formality required on the part of any person.

2.3 Arrangement

Commencing at the Effective Time, each of the following events shall occur sequentially in 5-minute increments as set out below without any further authorization, act or formality, in each case, unless stated otherwise:

- (a) The following transactions shall occur simultaneously:
 - (i) each Company Optionholder who has elected to exercise its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement and has paid to the Company the applicable exercise price plus an amount equal to any applicable withholding tax or other source deductions shall, without any further action by or on behalf of such Company Optionholder, be issued the applicable number of Common Shares subject to such Company Option, and the registrar and transfer agent in respect of the Common Shares shall update the Company's share register to reflect the Common Shares issued pursuant to this Section 2.3(a)(i);
 - (ii) each Company Optionholder who has elected to surrender its Options (whether vested or unvested) pursuant to an Option Exercise or Surrender Agreement, along with every Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) which is not expressly exercised or surrendered by a Company Optionholder by way of delivery and execution of an Option Exercise or Surrender Agreement, shall, without any further action by or on behalf of such Company Optionholder, be deemed to be transferred and surrendered by the applicable Company Optionholder to the Company in exchange for a cash payment from the Company for each Company Option so surrendered equal to the Option Consideration (less any applicable withholding tax or other source deductions); and
 - (iii) each Company Option exercised or surrendered in accordance with this Section 2.3(a), along with all option agreements related thereto, shall be cancelled and terminated and the applicable Company Optionholder shall thereafter only have the right to receive the consideration specified in Section 2.3 (and, for greater certainty, the Company shall be entitled to withhold or deduct any amount in accordance with Section 4.3).
- (b) Each Company PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, and without any further action by or on behalf of a holder of Company PSUs, be deemed to be vested and each holder of such Company PSU shall receive, for each Company PSU, from the applicable Employer Entity a cash payment equal to the Cash Consideration (less any applicable withholding tax or other source deductions), and each such Company PSU

shall immediately be cancelled and terminated.

- (c) Each of the Common Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be and shall be deemed, without any further act or formality, to be transferred to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for an amount in cash determined under Article 3 and:
 - (i) such Dissenting Holders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid a cash amount equal to the fair value of such Common Shares as set out in Section 3.1;
 - (ii) such Dissenting Holders' names shall be removed as the holders of such Common Shares from the register of Common Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares free and clear of all Liens, and shall be entered as such in the register of Common Shares maintained by or on behalf of the Company.
- (d) Each of the Common Shares outstanding immediately prior to the Effective Time (other than Common Shares held by a Dissenting Shareholder who has validly exercised such holder's Dissent Rights) and each of the Common Shares issued in connection with the exercise of Company Options pursuant to Section 2.3(a)(i) shall, without any further action by or on behalf of a Company Shareholder, be deemed to be assigned and transferred by such Company Shareholder to the Purchaser (free and clear of all Liens) and each Company Shareholder whose Common Shares are so transferred shall be entitled to receive from the Purchaser, for each Common Share so transferred, the Cash Consideration, and:
 - (i) such Company Shareholders shall cease to be holders of the Common Shares and to have any rights as holders of such Common Shares other than the right to be paid the Cash Consideration in accordance with this Plan of Arrangement;
 - (ii) such Company Shareholders' names shall be removed from the register of the Common Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered as such in the register of the Common Shares maintained by or on behalf of the Company.
- (e) All directors of the Company holding Company DSUs shall resign from all offices or employment with the Company and shall immediately cease to be an employee officer or director of the Company or of any affiliate. As a result of the foregoing, in accordance with the Company Incentive Plan, each Company DSU shall, without any further action by or on behalf of such holder, be redeemed and each such holder shall receive from the Company, for each Company DSU, a cash payment equal to the Cash Consideration (less any applicable withholding tax or other source deductions) and each such Company DSU

shall immediately be cancelled and terminated.

None of the foregoing will occur or will be deemed to occur unless all of the foregoing occur, as applicable in the case of Section 2.3(c).

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

A registered Company Shareholder may exercise dissent rights with respect to the Common Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order, the Final Order and this Section 3.1; provided that, notwithstanding Section 190 of the CBCA, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. (Calgary time) two Business Days immediately preceding the date of the Company Meeting. Dissenting Holders who duly exercise their Dissent Rights shall be deemed to have transferred the Common Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.3(c) and if they:

- (a) are ultimately entitled to be paid fair value for such Common Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(c)); (ii) will be entitled to be paid the fair value of such Common Shares, which fair value, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Company Meeting; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Common Shares; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for such Common Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Common Shares (and shall be entitled to receive the Cash Consideration in the same manner as such non-Dissenting Holders).

3.2 Recognition of Dissenting Holders

- (a) In no circumstances shall the Purchaser, the Company or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Common Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall the Purchaser, the Company or any other person be required to recognize Dissenting Holders as holders of Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(c), and the names of such Dissenting Holders shall be removed from the registers of holders of the Common Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(c) occurs.
- (c) In addition to any other restrictions under Section 190 of the CBCA, no Company Shareholders who vote or have instructed a proxyholder to vote Common Shares in

favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights.

- (d) In addition to any other restrictions under the CBCA, Company Optionholders and holders of Company DSUs and Company PSUs shall not be entitled to exercise Dissent Rights.

ARTICLE 4

CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

- (a) At or prior to the Effective Time, the Purchaser shall deposit, or arrange to be deposited, for the benefit of Company Shareholders cash with the Depositary in the aggregate amount equal to the payments in respect thereof required to be paid by Section 2.3(d) of this Plan of Arrangement by the Purchaser to Company Shareholders who do not validly dissent in accordance with Section 2.3(c). The cash deposited with the Depositary by or on behalf of the Purchaser shall be held in an interest bearing account, and any interest earned on such funds shall be for the account of the Purchaser.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares that were exchanged pursuant to Section 2.3(d) (or, if such Common Shares were issued on a non-certificated basis, such other evidence of ownership of such Common Shares as is satisfactory to the Depositary, acting reasonably), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Company Shareholders providing such documentation shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Cash Consideration which such holder has the right to receive under the Arrangement for such Common Shares, less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered (if applicable) shall forthwith be cancelled.
- (c) Until surrendered as contemplated by this Section 4.1, each certificate (or other evidence of ownership, if applicable) that immediately prior to the Effective Time represented Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender the aggregate Cash Consideration in lieu of the Common Shares represented thereby as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate (or other evidence of ownership, if applicable) formerly representing Common Shares not duly surrendered on or before the day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Common Shares of any kind or nature against or in the Purchaser. On such date, all Cash Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser and shall be paid over by the Depositary to or as directed by the Purchaser.
- (d) As soon as practicable after the Effective Date, the Company shall pay the amounts, net of applicable withholdings, to be paid to holders of Company Options, DSUs and PSUs, either (i) pursuant to the normal payroll practices and procedures of the Company, or (ii) in the event that payment pursuant to the normal payroll practices and procedures of the Company is not practicable for any such holder, by cheque (delivered to such holder of

Company Options, DSUs and PSUs, as applicable, as reflected on the register maintained by or on behalf of the Company in respect of the Company Options, DSUs and PSUs).

- (e) Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited as of, or has been returned to the Depositary on or prior to, or that otherwise remains unclaimed as of, in each case, the third anniversary of the Effective Time and any right or claim to payment hereunder that remains outstanding on the day prior to the third anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Common Shares, Company Options, Company PSUs or Company DSUs, as applicable, pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.
- (f) No holder of Common Shares shall be entitled to receive any consideration with respect to such Common Shares other than any consideration such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.
- (g) No holder of Company Options, DSUs or PSUs shall be entitled to receive any consideration with respect to such Company Options, DSUs or PSUs other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends.

4.2 Lost Certificates

If any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate the aggregate Cash Consideration in respect thereof which such holder is entitled to receive pursuant to the Arrangement, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such Cash Consideration is to be delivered shall, as a condition precedent to the delivery of such cash, give an affidavit (in form and substance reasonably acceptable to the Purchaser) of the claimed loss, theft or destruction of such certificate and, if reasonably requested by the Purchaser or the Depositary, a bond or surety satisfactory to the Purchaser and the Depositary (acting reasonably) in such reasonable and customary sum as the Purchaser may direct, or otherwise indemnify the Purchaser, the Company and the Depositary in a manner satisfactory to the Purchaser, the Company and the Depositary, each acting reasonably, against any claim that may be made against the Purchaser, the Company and the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold from any amount payable to any person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 2.3 or Section 3.1), such amounts as the Purchaser, the Company or the

Depository determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of any other Law. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts shall be treated for all purposes hereof as having been paid to the person in respect of which such withholding and deduction was made, provided that such amounts are actually remitted to the appropriate Governmental Entity.

4.4 Letter of Transmittal

At the time of mailing of the Company Circular or as soon as practicable thereafter, the Company shall forward a Letter of Transmittal to each Company Shareholder at the address of such holder as it appears on the register maintained by or on behalf of the Company in respect of the holders of Common Shares.

4.5 Tax Election

The Company shall and the Purchaser shall cause the Company to: (a) elect in prescribed form and in the prescribed manner pursuant to subsection 110(1.1) of the Tax Act that neither the Company nor any person not dealing at arm's length with the Company for the purposes of the Tax Act, will deduct, in computing its income for the purposes of the Tax Act, the amount of any cash payments made to the Company Optionholders on the surrender of Company Options pursuant to Section 2.3(a)(ii); and (ii) provide the Company Optionholders who received a cash payment on the surrender of Company Options with evidence in writing of such election; provided that such election shall be made only if, and to the extent, that the applicable Company Optionholder is entitled to the deduction under paragraph 110(1)(d) of the Tax Act, as determined by the Company and the Purchaser jointly, acting reasonably.

4.6 No Liens

Any exchange or transfer or surrender of securities (including Common Shares, Company Options, DSUs and PSUs) pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.7 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Common Shares, Company Options, Company DSUs and Company PSUs issued or outstanding prior to the Effective Time; (b) the rights and obligations of the Company Shareholders, Company Optionholders, holders of Company DSUs and Company PSUs, and the Company, the Purchaser, the Depository and any transfer agent or other depository therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Common Shares, Company Options, Company DSUs and Company PSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must: (i) be set out in writing; (ii) be approved by the Parties, each acting reasonably; (iii) be filed with the Court and, if made following the Company Meeting, approved by the Court; and (iv) communicated to the Company Securityholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by any of the Parties at any time prior to the Company Meeting (provided that the other Parties have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if: (i) it is consented to in writing by each of the Parties (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by some or all of the Company Securityholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any former Company Securityholder or holder of Company PSUs or Company DSUs.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6

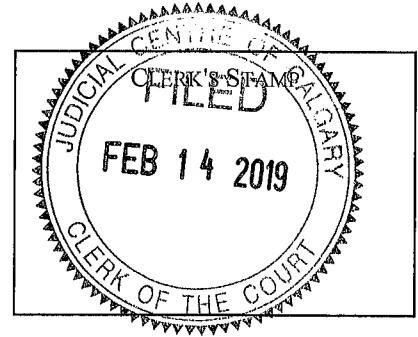
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

APPENDIX "C"

INTERIM ORDER



1907-01876

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

I hereby certify this to be a true copy of
the original order

Dated this 14 day of Feb 2019

[Signature]
for Clerk of the Court

ZCL COMPOSITES INC.

**IN THE MATTER OF SECTION 192 OF
THE CANADA BUSINESS CORPORATIONS
ACT, RSC 1985, c. C-44, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING ZCL
COMPOSITES INC., SHAWCOR LTD. AND
THE SECURITYHOLDERS OF ZCL
COMPOSITES INC.**

APPLICANTS

INTERIM ORDER

DOCUMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Michael D. Mysak
Telephone No.: 403-298-8143
Fax No.: 403-265-7219
Client File No.: 56899.328

**DATE ON WHICH ORDER WAS
PRONOUNCED:**

February 13, 2019

LOCATION OF HEARING OR TRIAL:

Calgary, Alberta

NAME OF MASTER/JUDGE

Honourable Justice Neufeld

WHO MADE THIS ORDER:

UPON the Originating Application of ZCL Composites Inc. ("**ZCL**") for an interim order (the "**Interim Order**") under section 192 of the *Canada Business Corporations Act*, RSC 1985, c. C-44, as amended (the "**CBCA**") in connection with a proposed arrangement under section 192 of the CBCA involving ZCL, Shawcor Ltd. ("**Shawcor**"), the holders of common shares (the "**Shareholders**") in the capital of ZCL (the "**Common Shares**"), and the holders of options (the "**Optionholders**", and together with the ZCL Shareholders, "**Securityholders**") to purchase common shares of ZCL (the "**Options**");

AND UPON reading the said Originating Application and the Affidavit of Anthony Franceschini, the Chairman of the Board of ZCL sworn on February 6, 2019 (the "**Franceschini Affidavit**"), filed herein, and the documents referred to therein;

AND UPON being advised that notice of the Originating Application has been given to the Director (the "**Director**") appointed under section 260 of the CBCA and that the Director does not consider it necessary to appear;

AND UPON hearing counsel for ZCL;

FOR THE PURPOSES OF THIS ORDER:

- a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft management information circular of ZCL (the "**Circular**") which is attached as Exhibit "1" to the Affidavit; and
- b) all references to "Arrangement" used herein mean the arrangement as set forth in the Plan of Arrangement attached as Schedule "B" to the arrangement agreement made as of January 20, 2019, between ZCL and Shawcor (the "**Arrangement Agreement**"), which Arrangement Agreement has been filed on ZCL's SEDAR profile at www.sedar.com and which is attached as Exhibit "2" to the Affidavit.

IT IS HEREBY ORDERED AND DIRECTED THAT:

General:

1. ZCL shall seek approval of the Arrangement as described in the Circular by Securityholders in the manner set forth below.

The Meeting

2. ZCL shall call and conduct the Securityholders' meeting on or about March 26, 2019 (the "**Meeting**"). At the Meeting, Shareholders and Securityholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix "A" to the Circular (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Circular.
3. A quorum at the Meeting shall be persons present not being less than two (2) in number and holding or representing by proxy not less than ten per cent (10%) of the Common Shares entitled to be voted at the Meeting.
4. If a quorum is not present within one (1) hour from the opening of the Meeting, the Shareholders personally present or represented at the Meeting may adjourn the Meeting to a fixed time (which time shall be not less than seven (7) days or more than one (1) month from the time of the adjourned Meeting) and the same place as the adjourned Meeting but may not transact any other business.
5. Each Shareholder and each Optionholder will be entitled to one (1) vote for each Common Share and (1) vote for each Option held in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.
6. The record date for Securityholders entitled to receive notice of and vote at the ZCL Securityholders' Meeting shall be February 15, 2019 (the "**Record Date**"). Only Securityholders of record as at the close of business on the Record Date will be entitled to receive notice of the Meeting and to vote those Common Shares and Options entitled to vote at the Meeting.

7. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the CBCA, the articles and by-laws of ZCL in effect at the relevant time, the Circular, the rulings and directions of the chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the CBCA or the articles or by-laws of ZCL, the terms of this Order shall govern.

Conduct of the Meeting

8. The only persons entitled to attend the Meeting shall be Securityholders or their authorized proxy holders, ZCL's directors and officers, ZCL's legal counsel and representatives, Shawcor's legal counsel and representatives, the scrutineer of the Meeting and its representatives and such other persons who may be permitted to attend by the chair of the Meeting.
9. The chair of the Meeting shall be any of the chairman of the board, president or a vice-president of ZCL or failing them, any other person chosen at the Meeting.
10. The number of votes required to pass the Arrangement Resolution, with or without variation, shall be:
 - (a) not less than two-thirds ($66\frac{2}{3}\%$) of the votes cast on the Arrangement Resolution by Securityholders, voting together as a single class, present in person or represented by proxy at the Meeting; and
 - (b) not less than two-thirds ($66\frac{2}{3}\%$) of the votes cast by Shareholders present in person or represented by proxy at the Meeting.
11. To be valid, a proxy must be deposited with AST Trust Company (Canada) in the manner and within the timeframes described in the Circular.
12. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

13. ZCL, if it deems it to be advisable and if permitted by the Arrangement Agreement or Shawcor, may adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as ZCL deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Securityholders in respect of the adjournment or postponement. Notice of any such adjournment or postponement may be given by such method as ZCL determines is appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

Amendments to the Arrangement

14. ZCL, with the agreement of Shawcor, is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Circular, the notice of the Meeting ("**Notice of Meeting**"), the form of proxy ("**Proxy**"), the form of letter of transmittal ("**Letter of Transmittal**") and the notice of Originating Application ("**Notice of Originating Application**") as it may determine, and ZCL may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by ZCL. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Circular, would have been disclosed in the Circular, then:
 - (a) ZCL shall advise the Shareholders of the material change or material fact by disseminating a news release ("**News Release**") in accordance with applicable Canadian securities laws;
 - (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, ZCL shall not be required to deliver an amendment to the Circular to the Securityholders or otherwise give notice to the Securityholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid; and

- (c) unless determined to be advisable by ZCL, ZCL shall not be required to adjourn or otherwise postpone the Meeting as a result of the disclosure of any Additional Information, including any material change, as contemplated by this paragraph 14.

Dissent Rights

- 15. The registered Shareholders are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under section 190 of the CBCA with respect to the Arrangement Resolution and the right to be paid the fair value of their Common Shares by ZCL in respect of which such right to dissent was validly exercised.
- 16. In order for a registered Shareholder to exercise such right to dissent (a "**Dissenting Shareholder**") under section 190 of the CBCA:
 - (a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by ZCL c/o Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Michael D. Mysak / David Spencer, by no later than 5:00 p.m. (Calgary time) on March 22, 2019, or by 5:00 p.m. (Calgary time) on the date that is two (2) business days prior to the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be;
 - (b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under paragraph 16(a) herein;
 - (c) a Dissenting ZCL Shareholder shall not have voted his, her or its Common Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (d) a Shareholder may not exercise the right to dissent in respect of only a portion of the Shareholder's Common Shares, but may dissent only with respect to all of the

Common Shares held by the Shareholder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name; and

(e) the exercise of such right to dissent must otherwise comply with the requirements of section 190 of the CBCA, as modified and supplemented by this Order and the Arrangement.

17. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the Securityholders at the Meeting and, when determined, shall be paid to the Dissenting Shareholders by Shawcor as contemplated by the Arrangement, the CBCA and this Order.
18. A Dissenting Shareholder who is entitled to be paid by Shawcor the fair value of such holder's Common Shares shall, pursuant to the Plan of Arrangement, be deemed to have transferred the holder's Common Shares (free and clear of any liens) to Shawcor for cancellation without any further act or formality notwithstanding the provisions of section 190 of the CBCA.
19. A Dissenting Shareholder who, for any reason, is not ultimately entitled to be paid the fair value of such holder's Common Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Common Shares, notwithstanding the provisions of section 190 of the CBCA, and shall be entitled to receive only the consideration contemplated in section 3.1 of the Plan of Arrangement that such Shareholder would have received pursuant to the Arrangement if such Shareholder had not exercised Dissent Rights.
20. In no event shall ZCL or Shawcor or any other person be required to recognize any Dissenting Shareholder as a Shareholder at or after the Effective Date and the names of such holders shall be removed from the register of Shareholders as at the Effective Time.

21. In addition to any other restrictions under section 190 of the CBCA, any person who has voted or has instructed a proxyholder to vote their Common Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.
22. Subject to further order of this Court, the rights available to registered Shareholders under the CBCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Shareholders with respect to the Arrangement Resolution.
23. Notice to the Shareholders of their Dissent Rights and to receive, subject to the provisions of the CBCA and the Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Circular which is to be sent to Shareholders in accordance with paragraph 24 of this Order.

Notice

24. The Circular, substantially in the form attached as Exhibit "1" to the Affidavit, with such amendments thereto as ZCL, in consultation with Shawcor, may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order or the Arrangement Agreement), and including the Notice of Meeting, the Proxy, the Letter of Transmittal, the Notice of Originating Application and this Order, together with any other communications or documents determined by ZCL to be necessary or advisable (collectively, the "**Meeting Materials**"), shall be sent to those Securityholders who hold Common Shares and/or Options in their own name, as of the Record Date, the directors of ZCL and the auditors of ZCL and the Director, by any one or more of the following methods:
 - (a) in the case of registered Securityholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of ZCL as of the Record Date distributed not later than 21 days prior to the Meeting;

- (b) in the case of non-registered Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
 - (c) in the case of the directors and auditors of ZCL, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and
 - (d) in the case of the Director, by facsimile or other electronic means, by courier or by delivery in person, addressed to the Director not later than 21 days prior to the date of the Meeting.
25. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Securityholders, the directors and auditors of ZCL and the Director of:
- (a) the Originating Application;
 - (b) this Order;
 - (c) the Notice of Meeting;
 - (d) the Circular; and
 - (e) the Notice of Originating Application.

Final Application

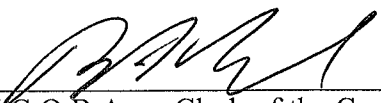
26. Subject to further order of this Court, and provided that the Securityholders have approved the Arrangement in the manner directed by this Court and the directors of ZCL have not revoked their approval, ZCL may, subject to the terms of the Arrangement, proceed with an application for a final order of the Court approving the Arrangement (the "**Final Order**") on March 29, 2019 at 2:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing

of the Articles of Arrangement, ZCL, all Shareholders and all holders of Options and all other persons affected will be bound by the Arrangement in accordance with its terms.

27. Any Securityholder or other interested party (other than Shawcor) (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon ZCL, on or before 5:00 p.m. (Calgary time) on March 21, 2019 (or the business day that is five (5) business days prior to the date of the Meeting if it is not held on March 26, 2019), a notice of intention to appear ("**Notice of Intention to Appear**") setting out the address for service of such Interested Party (or alternatively, an email address for service by electronic mail) and indicating whether such Interested Party intends to support or oppose or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service of this notice on ZCL shall be effected by service upon the solicitors for ZCL, c/o Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street S.W., Calgary, Alberta T2P 4K7, facsimile: (403) 265-7219, Attention: Michael D. Mysak / David Spencer.
28. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 26 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

29. ZCL is entitled at any time to seek leave to vary this Interim Order upon the terms that the Court may direct.



J.C.Q.B.A. or Clerk of the Court

APPENDIX "D"

SECTION 190 OF CBCA

RIGHT TO DISSENT

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX "E"

FAIRNESS OPINION

RAYMOND JAMES

January 20, 2019

The Board of Directors of
ZCL Composites Inc.
1420 Parsons Road SW
Edmonton, AB T6X 1M5

To the Board of Directors:

Raymond James Ltd. (“**Raymond James**”, “**we**” or “**us**”) understands that ZCL Composites Inc. (“**ZCL**” or the “**Company**”) and Shawcor Ltd. (“**Shawcor**”) propose to enter into an arrangement agreement (the “**Arrangement Agreement**”) to be dated January 20, 2019 pursuant to which, among other things, each holder of outstanding common shares of the Company (each a “**ZCL Share**”) will be entitled to receive C\$10.00 in cash (the “**Consideration**”) in exchange for each ZCL Share held.

We also understand that the transaction contemplated by the Arrangement Agreement is proposed to be effected by way of a plan of arrangement under the *Canada Business Corporations Act* (the “**Arrangement**”). The terms and conditions of the Arrangement will be summarized in the Company’s management information circular (the “**Circular**”) to be mailed to holders of ZCL Shares (the “**ZCL Shareholders**”) in connection with a special meeting of the ZCL Shareholders to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to the Company including our opinion (the “**Opinion**”) to the Board of Directors of the Company (the “**Board of Directors**”) as to whether the Consideration to be received by the ZCL Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the ZCL Shareholders.

Engagement of Raymond James

In September 2017, Raymond James was engaged by a special committee of the Board of Directors (the “**2017 Special Committee**”) to act as its exclusive financial advisor in connection with a review and potential subsequent execution of strategic alternatives, including a change of control transaction (the “**2017 Process**”). The 2017 Process concluded in April 2018.

Raymond James’ engagement was extended pursuant to a letter dated September 12, 2018 (the “**Engagement Letter**”). Under the terms of the Engagement Letter, Raymond James has agreed to provide this Opinion to the Board of Directors.

Pursuant to the terms of the Engagement Letter, Raymond James will receive a fixed fee for rendering this Opinion. In addition, Raymond James will be paid a separate fee for its advisory services pursuant to the Engagement Letter that is contingent on the completion of the Arrangement, and is also to be reimbursed for approved and reasonable legal and other out-of-pocket expenses. Raymond James and its affiliates and their respective directors, officers, partners, employees, agents and controlling persons are to be indemnified by the Company from and against certain potential liabilities arising out of its engagement. Raymond James’

Raymond James Ltd.

Suite 2100 – 925 West Georgia Street, Vancouver, BC, V6C 3L2 • 604 659 8200 • 604 659 8398 Fax

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compensation for providing this Opinion is not contingent on an action or event resulting from the use of the Opinion.

Independence of Raymond James

Neither Raymond James nor any of its affiliates or associates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Alberta) or the rules made thereunder) of the Company or Shawcor (the “**Transaction Parties**”) or any of their respective subsidiaries, associates or affiliates.

Raymond James has not been engaged to provide financial advisory services, nor has it participated in any financings involving the Transaction Parties within the past two years other than acting as financial advisor to (i) the Company pursuant to the Engagement Letter; and (ii) the 2017 Special Committee with respect to the 2017 Process. There are no other understandings, agreements or commitments between Raymond James and the Transaction Parties with respect to any current or future business dealings which would be material to the Opinion.

Raymond James may, in the ordinary course of its business, provide financial advisory or investment banking services to the Transaction Parties or their respective affiliates or associates from time to time. In addition, in the ordinary course of its business, Raymond James acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have, today or in the future, positions in the securities of the Transaction Parties or their respective affiliates or associates, and, from time to time, may have executed or may execute transactions on behalf of the Transaction Parties or other clients for which it received or may receive compensation. In addition, as an investment dealer, Raymond James conducts research on securities, and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Transaction Parties or their respective affiliates or associates.

Credentials of Raymond James

Raymond James is a North American full-service investment dealer with operations located across Canada, Europe, and the United States. Raymond James is a member of the Toronto Stock Exchange, the TSX Venture Exchange, the Montreal Exchange, the Investment Industry Regulatory Organization of Canada (“**IIROC**”), the Investment Funds Institute of Canada, and the Canadian Investor Protection Fund. Raymond James and its officers have prepared numerous valuations and fairness opinions and have participated in a significant number of transactions involving private and publicly-traded companies. Raymond James is indirectly wholly-owned by Raymond James Financial, Inc. (“**Raymond James Financial**”). Raymond James Financial is a diversified financial services holding company listed on the New York Stock Exchange (NYSE: RJF) whose subsidiaries engage primarily in investment and financial planning, including securities and insurance, brokerage, investment banking, asset management, banking and cash management, and trust services.

The Opinion expressed herein represents the opinion of Raymond James and the form and content of this Opinion have been reviewed and approved for release by a committee of managing directors of Raymond James. The committee members are professionals experienced in providing valuations and fairness opinions for mergers and acquisitions as well as providing capital markets advice.

Overview of ZCL

ZCL is North America's largest manufacturer and supplier of fiberglass reinforced plastic underground storage tanks. Its mission is to deliver peace of mind through corrosion-resistant solutions that preserve and protect the environment. ZCL has two manufacturing facilities in Canada, four in the United States and one in the Netherlands.

The Company primarily serves the following markets: (i) fuel, (ii) water & wastewater, and (iii) oil & gas. Fuel is the Company's largest market and is relatively mature, consisting of downstream retail and commercial fuel sites in both Canada and the United States. Both water & wastewater and oil & gas are smaller, emerging markets for the Company and its products. The Company operates under the brands of ZCL, Xerxes, ZCL | Xerxes, and Parabeam.

Scope of Review

In connection with rendering our Opinion, we have reviewed and relied upon, among other things, the following:

- i. A draft of the Arrangement Agreement to be entered into by the Company and Shawcor;
- ii. The letter of intent entered into between the Company and Shawcor dated December 10, 2018;
- iii. Consolidated annual financial statements, and management's discussion and analysis, of the Company for the years ended December 31, 2017, 2016 and 2015;
- iv. The Company's interim consolidated unaudited financial statements and management's discussion and analysis for the three month periods ended September 30, 2018, June 30, 2018 and March 31, 2018;
- v. Certain public disclosure by the Company as filed on the System for Electronic Document Analysis and Retrieval to the date hereof, including press releases issued by the Company;
- vi. Certain public investor presentations and marketing materials prepared by the Company;
- vii. Conversations with management of the Company regarding the operations, financial condition, prospects and corporate strategy of the Company;
- viii. Discussions with select third parties other than Shawcor who we contacted at the direction of the 2017 Special Committee pursuant to the 2017 Process whereby such parties entered into confidentiality agreements with the Company and conducted due diligence to determine their interest in pursuing a transaction involving the acquisition of 100% of the ZCL Shares;
- ix. Discussions with select third parties other than Shawcor who we contacted at the direction of the Board of Directors in 2018 to determine their interest in pursuing a transaction involving the acquisition of 100% of the ZCL Shares;
- x. Certain internal financial, operational, corporate and other information with respect to the Company, including financial models prepared by management of the Company, as well as internal operating and financial projections and presentations prepared by management of the Company (and discussions with management with respect to such information, models, projections and presentations);
- xi. Select public market trading statistics and financial information of the Company and other entities considered by us to be relevant;

- xii. Other publicly available information relating to the business, operations and financial condition of the Company considered by us to be relevant;
- xiii. Other publicly available information relating to select public companies considered by us to be relevant, including published reports by equity research analysts;
- xiv. Information with respect to select precedent transactions considered by us to be relevant; and
- xv. Such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

We have participated in various conversations with management of the Company, the 2017 Special Committee and the Board of Directors regarding the operations, financial condition, prospects and corporate strategy of the Company. We have also participated in various discussions with Bennett Jones LLP, external legal counsel to the Company, concerning the 2017 Process, the Arrangement, the Arrangement Agreement and related matters. Raymond James has not, to the best of its knowledge, been denied access by the Company to any information requested by Raymond James.

Prior Valuations

The Chief Executive Officer and the Chief Financial Officer of ZCL have represented to Raymond James that, to the best of their knowledge, there have been no valuations or appraisals relating to the Company or any of its subsidiaries, or any of their respective securities or material assets, made in the preceding 24 months, including any “prior valuation” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

Assumptions and Limitations

Our Opinion is subject to the assumptions, qualifications and limitations set forth below.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of any of the assets or securities of the Company or any of its affiliates and our Opinion should not be construed as such. We have relied upon the advice of counsel to the Company that the Arrangement is not subject to the formal valuation requirements of MI 61-101. This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IIROC, but IIROC has not been involved in the preparation or review of this Opinion.

With your permission, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to, or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Company in connection with preparing this Opinion and with your permission, we have assumed the accuracy and fair presentation of, and relied upon, the Company’s audited financial statements and the reports of the auditors thereon and the Company’s interim unaudited financial statements.

With respect to the historical financial data, operating and financial forecasts and budgets provided to us concerning the Company and relied upon in our financial analyses, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgements of management of the Company, having regard to the Company's business, plans, financial condition and prospects. We have also assumed that the Arrangement will be completed substantially in accordance with its terms (without any waiver or amendment of any terms or conditions) and all applicable laws, and that the Arrangement Agreement and the Circular will disclose all material facts relating to the Arrangement and will satisfy all applicable legal requirements. We have assumed that the Arrangement Agreement (including the schedules thereto and the disclosure letter relating thereto) will not differ materially from the form of the drafts reviewed by us. We have assumed that the representations and warranties made by the parties in the Arrangement Agreement are true and correct.

The Company has represented to us, in a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company dated the date hereof, among other things, that the information (financial or otherwise), data, documents and other materials of whatsoever nature or kind provided to us by or on behalf of the Company regarding the Company and its subsidiaries and their respective assets, including, without limitation, the written information and discussions concerning the Company referred to above under the heading "Scope of Review" (collectively, the "**Information**"), are true, complete and correct at the date the Information was provided to us and that, since the date on which the Information was provided to us, there has been no material change, financial or otherwise.

This Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company, nor does it address the underlying business decision to implement the Arrangement.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement or the sufficiency of this Opinion for your purposes. We have relied upon, without independent verification, the assessment by the Company and its legal, tax and accounting advisors with respect to such matters.

Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the Information and as they were represented to us in our discussions with management of the Company and advisors. In our analyses and in connection with the preparation of our Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement.

The Opinion is being provided to the Board of Directors for its exclusive use only in considering the Arrangement and, except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, may not be published, disclosed to any other person, relied upon or used by any other person, or used for any other purpose, without the prior written consent of Raymond James. Our Opinion is not intended to be and does not constitute a recommendation to the Board of Directors as to any decision with respect to the Arrangement or to any ZCL Shareholder as to how they should vote on the Arrangement, nor as an opinion concerning the trading price or value of any securities of the Company at any time, including following the announcement, completion or termination of the Arrangement.

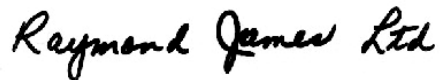
Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an Opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis. Accordingly, this Opinion should be read in its entirety.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information, including the Information, that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention, or to update the Opinion after the date of this Opinion.

Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion that, as of the date hereof, the Consideration to be received by the ZCL Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the ZCL Shareholders.

Yours very truly,

A handwritten signature in black ink that reads "Raymond James Ltd". The script is cursive and fluid, with the letters connected.

Raymond James Ltd.

