COMPUTER MODELLING GROUP LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

MARCH 31, 2017

Dated as of
May 18, 2017

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FORWARD LOOKING INFORMATION

Certain statements in this Annual Information Form are "forward looking information" within the meaning of applicable securities laws. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "scheduled", "potential", or other similar words, or statements that certain events or conditions "may", "should" or "could" occur. Forward looking information is based on the expectations of Computer Modelling Group Ltd. (the “Corporation”) regarding its future growth, results of operations, software licence sales, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of research and development activity, business prospects and opportunities. Such forward looking information reflects the Corporation's current beliefs and assumptions and is based on information currently available to it. Forward looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking information including risks associated with the impact of general economic conditions, industry conditions, governmental regulation, volatility of commodity prices, currency fluctuations, demand for Computer Modelling Group software, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the risks discussed under "Risk Factors" and elsewhere in this Annual Information Form and in the Corporation's public disclosure documents, and other factors, many of which are beyond the Corporation's control. Although the forward looking information contained in this Annual Information Form is based upon assumptions which the Corporation believes to be reasonable, the Corporation cannot make assurances that actual results will be consistent with such forward looking information. Such forward looking information is made as of the date of this Annual Information Form, and the Corporation assumes no obligation to update or revise it to reflect new events or circumstances, except as required by law. Due to the risks, uncertainties and assumptions inherent in forward looking information, prospective investors in the Corporation's securities should not place undue reliance on this forward looking information.

With respect to forward-looking information contained in this Annual Information Form, the Corporation has made assumptions regarding, among other things:

- the Corporation's future software license sales;
- the continued financing by and participation of the Corporation’s partner in the development; of CoFlow, the dynamic reservoir modelling system, and it being completed in a timely manner;
- the Corporation's ability to enter into additional software license agreements;
- the Corporation's ability to continue current research and new product development;
- the Corporation's ability to recruit and retain qualified staff.

CORPORATE STRUCTURE

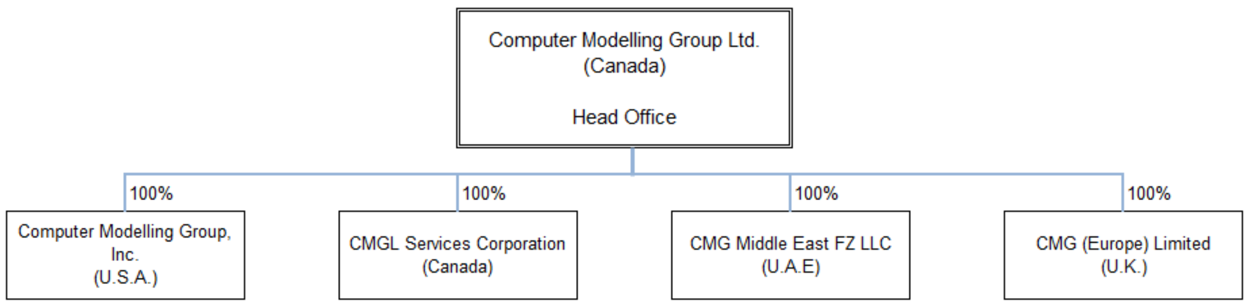
Name and Incorporation

Computer Modelling Group Ltd. was incorporated as 713571 Alberta Ltd. under the *Business Corporations Act* (Alberta) on October 18, 1996. On November 8, 1996, the Corporation changed its corporate name to Computer Modelling Group Ltd. In August 2008, the Corporation amended its Articles to divide each issued and outstanding common share (“Common Share”) and non-voting share of the Corporation ("Non-Voting Share") on a two for one basis. Subsequently, in June 2011 and June 2014, the Corporation amended its Articles to divide each issued and outstanding Common Share again on a two for one basis. All share data contained in this Annual Information Form are presented on a post-split basis. The head office of the Corporation is at 3710 33 Street N.W.Calgary, Alberta and the registered office of the Corporation is at Suite 3700, 400-3rd Avenue S.W., Calgary, Alberta.

Intercorporate Relationships

The Corporation has four direct wholly-owned subsidiaries: Computer Modelling Group, Inc., which is incorporated under the laws of the State of Colorado, U.S.A.; CMGL Services Corporation, which is incorporated under the *Business Corporations Act* (Alberta) ("ABCA"), Canada; CMG Middle East FZ LLC, which is incorporated as a Free Zone Limited Liability Company in Dubai Internet City, United Arab Emirates, and CMG (Europe) Limited, which is incorporated as a Private Limited Company with the Registrar of Companies for England and Wales.

The following diagram illustrates the relationship among the parties indicated.



In April 2013, the Corporation set up a branch operation in Bogotá, Colombia to further support its South American market.

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Corporation Including Significant Acquisitions and Dispositions

Pursuant to an agreement dated February 27, 1997 (the "Acquisition Agreement"), the Corporation acquired certain assets from CMG Reservoir Simulation Foundation ("Foundation CMG"). Under the Acquisition Agreement, the Corporation agreed to acquire substantially all the assets and operations of Foundation CMG, including software licensing contracts, employment contracts with all Foundation CMG employees and all intellectual property rights to the products, in exchange for 21,714,288 Non-Voting Shares. The Corporation also assumed the obligations and liabilities of Foundation CMG as at March 31, 1997. The Corporation commenced active operations on April 1, 1997 and completed its first fiscal year on March 31, 1998. The Corporation is a computer software technology firm engaged in the development and licensing of reservoir simulation software and related services.

Since November 2002, the Corporation has embarked on a series of normal course issuer bids to purchase for cancellation Common Shares in accordance with Canadian securities law and regulatory procedures. During the 12-month period commencing May 5, 2014, the Corporation purchased a total of 808,600 Common Shares, which were immediately cancelled. During the 12-month period commening May 25, 2015, the Corporation purchased a total of 589,300 Common Shares, which were immediately cancelled. The latest normal course issuer bid, which is effective from May 25, 2016 to May 24, 2017, permits the Corporation to purchase up to 7,484,725 Common Shares. No Common Shares have been purchased under the latest normal course issuer bid as of the date of this document

On May 1, 2006, the Corporation entered into a Dynamic Reservoir Modelling System Research Funding Agreement (the "DRMS Agreement") with Shell International Exploration and Production B.V. to develop the newest generation of reservoir simulation software, named CoFlow. On October 10, 2006, Petroleo Brasileiro S.A. ("Petrobras") became a participant and a party to the DRMS Agreement.

Effective January 1, 2017, Petrobras' financial participation in the joint development project has ended. Under the new five-year Access and Development agreement between the Corporation and Shell Global

Solutions International B.V. (“Shell”), the Corporation is responsible for the research and development costs of CoFlow, while Shell will provide a fixed fee contribution for the continuing development of the software.

In the fiscal year 2015, the Corporation received cash proceeds of $5,270,115 from the exercise of 876,393 stock options. In the fiscal year 2016, the Corporation received cash proceeds of $6,002,427 from the exercise of 920,915 stock options, and in the fiscal year 2017 the Corporation received cash proceeds of $4,924,290 from the exercise of 662,986 stock options.

On April 1, 2014, the Corporation appointed Anjani Kumar, formerly Manager, Consulting, Support and Training, to the position of Vice President, Consulting, Support and Training.

On February 10, 2015, the Board of Directors of the Corporation approved By-Law No. 3 (“Advance Notice By-Law”) relating to advance notice requirements for director elections, which requires advance notice to the Corporation in circumstances where nominations of persons for election as a director are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the ABCA; or (ii) a shareholder proposal made pursuant to the provisions of the ABCA. The Advance Notice By-Law became effective upon adoption of the Board and is similar to by-laws adopted by many other Canadian public companies. On May 20, 2015, the Board amended the Advance Notice By-Law to reflect certain further guidance received from Institutional Shareholder Services, Inc. The Advance Notice By-Law was approved, ratified and confirmed by a resolution adopted by a majority of the votes cast by shareholders by proxy or in person at the Annual Meeting of Shareholders on July 9, 2015.

On April 1, 2015, the Corporation appointed Ryan Schneider, formerly Vice President, Marketing and Canadian Sales, to the position of Chief Operating Officer.

On July 1, 2015, the Corporation appointed Anjani Kumar, formerly Vice President, Consulting, Support and Training, to the position of Vice President, Engineering Solutions and Marketing.

During fiscal 2015, the Corporation released an Intelligent Segment Wells (“iSegWell”) tool in IMEX, designed to model flow and pressure change throughout the wellbore branches, tubing and equipment.

Over the last three years, with the exception of iSegWell, the products offered by the Corporation have not changed. The Corporation’s products include: three reservoir simulators, IMEX, GEM and STARS; a phase behaviour and fluid property program, WINPROP; a pre-processing application, BUILDER; a post-processing application, RESULTS; and a computer assisted history matching, optimization and uncertainty assessment tool, CMOST. While the names of the products have remained the same, the performance and functionality of these products have been enhanced through the continual research and development efforts supporting them.

In the first quarter of 2017, we released the third generation simulator output format “SR3” and a significantly improved, SR3-capable version of RESULTS. SR3 reduces output file sizes and enables users to efficiently open large-model, memory-intensive results files very quickly. These order of magnitude improvements in file loading times improve user experience and optimize simulation post-processing activities. In addition, redesign and enhancements to the graphical user interface of RESULTS, such as the ribbon menu, data filtering and automated plotting, make RESULTS easier to use, more intuitive, and give users greater power in analyzing results, discovering new reservoir knowledge and communicating business decisions via simulation results. This next generation RESULTS will help our users improve productivity and efficiency in their day-to-day simulation work.

The Corporation does not expect to make any significant changes to its product offering or how it carries on its business activities in the upcoming year.

On May 20, 2015, the Board approved an amended and restated rights plan, which was subsequently approved by the Corporation's shareholders at the Annual Meeting of Shareholders on July 9, 2015 (see "Description of Capital Structure – Shareholder Rights Plan").

In May of 2016, as a result of ongoing adverse economic conditions in Venezuela and in the oil and gas industry in general, the Corporation closed its office in Venezuela. Our customers in the region will be supported from other locations, mainly the office in Bogota.

The Corporation has not completed any significant acquisitions or dispositions during the fiscal year ended March 31, 2017.

This Annual Information Form contains various company names, product names, trade names, trademarks and service marks, all of which are the properties of their respective owners.

Background

The Corporation is a computer software technology firm engaged in the development and licensing of reservoir simulation software. The Corporation's reservoir simulation software is proven and effective technology, which assists oil and gas companies with extracting significantly increased volumes of oil and gas from their reservoirs.

Vision, Business and Strategy

The Corporation's vision, to be the world's leading developer and supplier of dynamic reservoir modelling systems, has remained consistent year after year. The Corporation has partially achieved this vision as the leading supplier of advanced process reservoir simulation software, which the Corporation believes is the most rapidly growing segment of the simulation marketplace as a result of declining petroleum production from conventional reservoirs and recovery methods. There is an increasing need from all areas of the world to enhance production from all types of new and existing reservoirs using advanced hydrocarbon recovery techniques. In a low oil price environment when companies decrease new drilling programs, it becomes increasingly important to produce economically from existing assets and simulation becomes more valuable in optimizing this production.

The Corporation continues to make strides towards becoming the leader in the provision of all reservoir simulation technologies as a result of ongoing enhancements to its already robust product line, advances in physics, computational speed, parallel computing ability, ease of use features of its pre- and post-processor applications, cost-effectiveness of its solutions, and the substantial experience of the Corporation's personnel to support and advance its software. The Corporation continues to demonstrate its commitment to clients by providing them with the most technologically advanced tools to handle the most difficult hydrocarbon recovery processes with flexible licensing options that allow clients to optimize their simulation needs.

The Corporation currently sells reservoir simulation software licenses to more than 600 oil and gas companies, consulting firms and research institutions in approximately 60 countries. In combination with the supply of its leading edge software technology, the Corporation performs both funded research and consulting services for its many clients around the world. Funded research projects play an important role in experimenting with new recovery processes and technology that will be used in future years' products. Many of the world's largest oil and gas companies have partnered with the Corporation to assist in the development, testing and refinement of new simulation technologies. The provision of consulting services, which are typically of a highly complex nature, enables the Corporation to continually test the boundaries of its software and provides the opportunity to increase software license sales to both new and existing clients.

In addition to consulting, the Corporation allocates significant resources to training, which is an instrumental part of the Corporation's success. Training programs enable the Corporation's clients to become more efficient and effective users of its software, which, in turn, contributes to higher client satisfaction. The Corporation's training is continuous in nature and helps the Corporation in developing and maintaining long-term relationships with its clients.

The Corporation's strategy is to increase its revenue base while advancing its technological superiority over its competition – two principles which yield long-term value for its stakeholders. To accomplish this, the Corporation continually advances the development of its technologies in a targeted manner to try to anticipate which innovation(s) will create the most demand for increased licensing of its software, be it by existing clients and/or new clients.

The Corporation invests a significant amount of resources each year towards maintaining its technological superiority. Maintaining investment by the Corporation in its current product suite offering helps to ensure that its existing proven technology continues to be industry leading. These significant levels of investment, in combination with developing CoFlow, the newest generation of reservoir simulation software, are targeted strategies to achieve the Corporation's vision to be the world's leading developer and supplier of dynamic reservoir modelling systems.

Key Performance Drivers and Capability to Deliver Results

As a result of declining production using conventional extraction processes from existing oil and gas fields, the oil industry worldwide is implementing complex recovery techniques on known reservoirs to increase recovery as traditionally only 25 to 30 percent of hydrocarbons are recovered during primary production. In addition, the oil industry is turning to unconventional hydrocarbon prospects such as the oilsands, tight oil, shale oil, tight gas, shale gas, and coal bed methane, as the energy supply of the future.

Oil and gas companies utilize reservoir simulation as it provides vital information and both a quantitative and a visual interpretation of how reservoirs will behave under various recovery techniques. Understanding how a petroleum reservoir will react to advanced hydrocarbon recovery processes prior to expending the capital on drilling wells and injecting expensive chemicals and steam, is less costly and risky than trying the various techniques on actual wells.

The Corporation's software is the market leader in the simulation of these advanced hydrocarbon recovery techniques in petroleum reservoirs. The Corporation's market share of all petroleum recovery simulation is expected to increase as the amount of easy-to-extract oil declines and as production from unconventional sources increases. During the times of economic uncertainty, producers have shifted their focus to lower-cost assets and lower-cost enhanced oil recovery projects instead of drilling new wells. In this environment, reservoir simulation is highly valuable and cost-effective in helping producers optimize recovery and reduce risk.

The Corporation's strategy of both maintaining and growing its dominance in the provision of reservoir simulation technology is supported by its ongoing investment in its technology. The Corporation's research and development team is constantly developing innovative ways to increase the use of its software by overcoming existing technological barriers and by being at the forefront in simulating new recovery methods.

The Corporation is in a strong financial position with $44.0 million in working capital and a long history of generating earnings and cash flow from operating activities. Combined with its strong balance sheet is its strength in its employees in all areas of the Corporation.

The development of CoFlow is a significant project for the Corporation, a project that to date has represented over 475 man-years of development. The CoFlow team consists of 54 full-time equivalent persons made up of 40 CMG employees and an additional 14 partner staff members working remotely from their offices in the Netherlands and the United States.The project is expected to continue until ultimate delivery of the software. CMG, through its participation in this project, will have full commercialization rights to the developed technology, while Shell and Petrobras will have unlimited perpetual CoFlow licenses. It is anticipated that this project will initially have a minimal impact on the Corporation's revenues, with future potential subject to the successful commercialization of the developed reservoir simulation software.

Products

Technology

Until modern numerical reservoir simulation modelling with full three-dimensional visualization and animation was developed, engineers had only rudimentary ways of understanding a particular oil or gas reservoir. This has changed primarily due to mathematical modelling now available and due to faster and more powerful computers, which are capable of running sophisticated computer graphics and animation. The Corporation's reservoir simulator products are computer programs that represent the engineering principles of petroleum and other fluids flowing through the pores (channels) in oil and gas reservoirs. Engineers, geologists and other technical and financial professionals use reservoir simulator tools to analyze and visualize the consequences of alternative drilling and production scenarios and to increase oil and gas field production, recovery and revenues.

The Corporation's software products enable reservoir managers, engineers, geologists and other professionals to use computer-based simulation to, in effect, "travel" kilometres below the earth's surface and "explore" the make-up and structure of reservoirs based on data provided by the user. The software also enables the user to visualize where oil and gas is trapped and where the oil and gas is expected to flow under alternative drilling and production scenarios. With this visualization and reservoir simulation modelling, reservoir professionals receive assistance in predicting the physics and chemistry of fluid flows, drilling locations, well operating conditions, risks, and best case economics of oil and gas property investment.

By using the Corporation's simulator products, a client is able to simulate virtually any reservoir and any recovery process used by the industry. The Corporation's suite of reservoir simulators facilitates the analysis of the various types of reservoirs encountered by oil and gas companies in different parts of the world and the various enhanced recovery processes which may be used to exploit them. The Corporation's principal products are BUILDER, WINPROP, STARS, GEM, IMEX, RESULTS, CMOST and iSegWell. In addition, clients may acquire performance options such as the parallel computing option and the dynamic gridding option, which allow clients to perform their simulations in a fraction of the time that they are accustomed to.

BUILDER is a Windows™ based software that facilitates the gathering of a large volume of data and organizing it for the simulator. BUILDER's design allows for data to be imported in a variety of methods from industry mapping packages, RESCUE-format simulation grids from 3D Geologic modelling tools, "dragged-and-dropped" from Excel spreadsheet or tabular data, or from other third-party applications.

WINPROP is a Windows™ based software that determines the behaviour and properties of reservoir fluids. WINPROP assists petroleum engineers to better understand the fluid interaction as a reservoir is being produced. The information created is then used in the STARS, GEM and IMEX reservoir simulators.

STARS is the world leading 4-phase, 3D reservoir simulator capable of modelling a wide range of thermal and chemical processes well beyond the capabilities of conventional black oil and compositional simulators. STARS is used to model recovery from heavy oil, oil sands and chemically stimulated reservoirs such as those found in northern Alberta, Venezuela, China, Russia, Oman, Kuwait, California and other locations. These fields require simulator technology that can analyze low-pressure shallow formations, unconsolidated sands and thermal processes such as steam or hot fluid injection.

GEM is the Corporation’s generalized Equation-of-State compositional reservoir simulator, which includes the ability to model primary, secondary and tertiary recovery processes, in conventional and unconventional reservoirs, utilizing a wide range of enhanced oil recovery ("EOR") methods, injection strategies and well management scenarios. GEM is used to model gas condensate, volatile oil, shale oil, tight oil, shale gas, tight gas, and coal bed methane reservoirs. GEM is also used to model CO_2 EOR/Sequestration and VAPEX gas injection in heavy oil reservoirs. GEM is widely used for modelling shale/tight gas and shale/tight oil reservoirs in the United States and coal bed methane reservoirs in the United States (San Juan Basin) and in Australia. GEM is used for CO_2 EOR in the United States, cyclic gas stimulation of shale and tight oil reservoirs in the United States and is the simulator of choice for modelling CO_2 Sequestration in saline aquifers throughout the world.

IMEX is a 3-phase, 4-component 3D black oil reservoir simulator, which incorporates all the functionality required for full-field reservoir simulation studies. IMEX is used to model conventional "black oil" reservoirs such as those found in Texas, the Gulf of Mexico, the North Sea, the Middle East, Prudhoe Bay, the former Soviet Union, South America and many other locations throughout the world. IMEX is being applied to deepwater reservoirs in the United States Gulf of Mexico in combination with 3rd party surface network modelling products to facilitate "coupled" simulations of multiple reservoirs tied to common surface facilities. IMEX is also widely used in the United States to model primary production of unconventional reservoirs, including tight oil, shale oil, tight gas and shale gas reservoirs.

RESULTS is a Windows™ based program that is used to provide visualization and animation for STARS, GEM and IMEX. RESULTS provides powerful visualization of the simulator output. With RESULTS, one can visualize both model input data and output in a variety of formats, including graphs, tabular reports, 2D aerial maps and cross sections, 3D perspectives and stereographic views. Simulation output can be animated to study the impact of recovery processes on fluid saturations and reservoir properties through time. Displayed images can also be translated into bitmaps, JPEG files, or AVI movies and imported into popular presentation and word processing software applications.

CMOST is a Windows™ based program used to help clients perform history matching of measured field performance data, optimize future production or net present value, and assess the risk of making capital and operating expenditures due to the inherent uncertainty of reservoir parameters. CMOST helps users evaluate the implications of variable reservoir properties such as porosity, permeability, hydrocarbon content, and explore major business decision options including production scenarios, and the optimum number of wells and their locations. Through the use of CMOST, oil and gas companies have the ability to more thoroughly evaluate their reservoir assets and, in turn, optimize their production and capital expenditures to yield the highest net present value. In October 2013, the Corporation launched a redesigned CMOST with more than 50 new features, including a completely redesigned interface, to help increase productivity, usability and analysis.

iSegWell is an advanced analytical wellbore modelling tool that works with the IMEX black oil reservoir simulator to simultaneously optimize well design and reservoir productivity by modelling flow and pressure changes from the perforations to the surface. iSegWell defines the wellsite as the collection of wellbore branches, tubing strings and equipment connecting the reservoir to the surface. In the wellsite, users can define any number of methods to model flow and pressure drop inside the wellbore, tubing strings and equipment.

The Corporation is in the latter stages of research and development of CoFlow, involving the development of the newest generation of reservoir simulation software. CoFlow, as currently envisioned, will represent a step change in performance from current industry technology with respect to such performance parameters as flexibility, speed and accuracy, ease of use, adaptive workflows, general-purpose physics and chemistry, scope and advanced scenario management. In February 2017, the Corporation released the most recent version of CoFlow, R11, to Shell and Petrobras to be used on their selected target assets. R11 has made material progress in improving the runtime performance and there will be continued work in this area in future releases of CoFlow. The Corporation is currently in the process of identifying additional customers for trial modelling work using CoFlow.

The Corporation's products are designed using modular techniques, are well documented, include standardized testing, and are written in the modern computer programming languages of C++, Visual Basic, C# and FORTRAN 90 to provide maximum flexibility for updates and advancements.

Intellectual Property

The Corporation's computer programs are protected through a combination of copyright, trade secrecy and technical measures. Trade secrecy offers the most significant protection for the Corporation's computer programs. The Corporation implements measures to maintain secrecy by including restrictive covenants in license agreements and encrypting its source code. Management believes that the Corporation's policy of continually improving and updating its products discourages infringement since misappropriated copies soon become obsolete, even in instances where the Corporation's other security features are defeated. Each employee, intellectual property agent and consultant of the Corporation signs a confidentiality and non-disclosure agreement relating to the protection of the Corporation's trade secrets.

Professional Services

The Corporation provides professional services consisting of highly specialized support, consulting, training, and contract research activities, delivered through its Calgary and regional offices.

The Corporation provides consulting services encompassing routine and non-routine specialized advanced applications of its technology. The primary purpose of these services is to assist current and future clients with their use of the Corporation's reservoir simulation software. The consulting services center around reservoir engineering for field design, production optimization, operation and analysis, and include numerical simulation of black oil, compositional, thermal, chemical and advanced (i.e., geomechanical) processes. The Corporation's consulting personnel have worked in most of the major oil and gas producing areas in the world. In addition, the Corporation provides contract research services whereby its research and development team will address clients' specialized needs in its reservoir simulators.

The Corporation performs consulting and contract research activities on an ongoing basis but such activities are not considered to be a core part of its business and are primarily undertaken to increase the Corporation’s knowledge base and hence expand the technological abilities of its simulators in a funded manner, combined with servicing its clients’ needs. In addition, these activities are undertaken to market the capabilities of the Corporation’s software products with the ultimate objective to increase software license sales.

Client Base

The Corporation currently has more than 600 clients in approximately 60 countries.

The Corporation’s software license revenue is made up of annuity/maintenance license fees charged for use of the Corporation’s software products which is generally for a term of one year or less as well as perpetual software license sales, whereby the client purchases a current version of the software and has the right to use that version in perpetuity. The Corporation has found that the majority of its clients who have acquired perpetual software licenses subsequently purchase maintenance licenses to ensure they have access to current versions of the Corporation’s software. Annuity/maintenance license fees have historically had a high renewal rate and, accordingly, provide a reliable revenue stream while perpetual license sales are more variable and unpredictable in nature as the purchase decision and timing fluctuate with the clients’ needs and budgets. Approximately 93% (2016 – 90%) of software license revenue was generated from annuity/maintenance licensing and 7% (2016 – 10%) from perpetual licenses.

The Corporation's consulting, support and training group provides its services in Calgary at its regional offices and/or at the client's specified location(s) around the world. The table below sets out the revenues for principal products or services.

Year ended March 31, ($ thousands)	**2017**	2016
Software licenses	**70,234**	74,974
Professional services	**4,863**	5,824
Total revenue	**75,097**	80,798
Software license revenue - % of total revenue	**94%**	93%
Professional services - % of total revenue	**6%**	7%

Marketing Strategies

In addition to the Corporation's office in Calgary, there are sales and technical support offices in Houston, London, Dubai, Bogota, and Kuala Lumpur. The Calgary office, which currently employs 161 full-time equivalent employees and consultants (172 as at May 19, 2016), is the head office and regional office for the Canadian sales region. It is also the location of all research and development activity for the Corporation and the Corporation's services group.

The Corporation's marketing strategies remain focused on its positions of strength and on increasing market penetration in the six regions where it currently has sales offices. In addition, the Corporation has strategic alliances with third parties around the world. These alliances range from formal joint projects to agency relationships and business alliances and are utilized to assist the Corporation's marketing personnel in expanding the business.

The Corporation has product superiority in the simulation of advanced processes. In addition, the Corporation's annual commitment to research and development and its close ties to various research institutions around the world ensure that its products remain leading-edge technologies. The Corporation's strengths, coupled with a full suite of software solutions, provide its marketing teams with powerful products and services to sell.

Research and Development Costs

Research and development expenditures are significant and are anticipated to continue to be significant for the Corporation, as a result of the commitment to research and development necessary to sustain a competitive advantage in its existing product suite of software and its commitment to the CoFlow development. In the fiscal years ended March 31, 2017 and 2016, the Corporation invested $16.4 million and $16.9 million, respectively, in research and development, which includes its share of the CoFlow research and development project costs, all of which was expensed to earnings. The Corporation's approach to this area of investment is to select projects driven by immediate client need by refining software already in use, amending software in anticipation of client need, or advancing the technology to better serve the client.

Personnel

The Corporation currently employs a full-time equivalent staff base of 203 persons worldwide (212 as at May 19, 2016), including salaried employees and consultants.

Risk Factors

Commodity Price Risk

The Corporation's clients are oil and gas companies and it might, therefore, be assumed that its financial results are significantly impacted by commodity prices. The Corporation has, in fact, experienced growth in software license revenues during depressed oil price markets which confirms its belief that software license sales are influenced more by the utility of the software as opposed to the prevailing commodity price. However, different circumstances could prevail in the future. Low oil prices and resulting lower cash flow in the industry could impact how clients license the Corporation's software; sales of perpetual licenses may decrease in favour of leasing software on a term basis.

Volatility in commodity prices could also have an impact on the Corporation’s consulting business.

Credit Risk

The Corporation’s product demand is dependent on its clients’ overall spending plans which are driven by commodity prices and the availability of capital. The Corporation’s accounts receivable balances are with clients involved with the oil and gas industry. During times of depressed oil and gas markets, our clients may experience financial constraints. While the Corporation monitors its exposure to credit risk, lack of payment from multiple clients may have a material adverse effect on the Corporation’s financial condition.

Sales Variability Risk

The Corporation's software license revenue consists of annuity/maintenance software licensing, which is generally for a term of one year or less, and perpetual software licensing, whereby the client purchases a current version of the software and has the right to use that version in perpetuity. Software licensing under perpetual sales is a significant part of the Corporation's business, but is more variable in nature as the purchase decision and timing fluctuate with clients' needs and budgets. The Corporation has found that a number of clients prefer to acquire perpetual software licenses rather than leasing the software on an annual basis. The Corporation’s experience over the last few years is that a number of these clients are purchasing additional licenses to allow more users to access the Corporation's technology in their operations. The Corporation has found that a large percentage of its clients who have acquired perpetual software licenses are subsequently purchasing maintenance licenses to ensure they have access to the Corporation's current technology.

The variability in sales of perpetual licenses may cause significant fluctuations in the Corporation’s quarterly and annual financial results, and these results may not meet the expectations of analysts or investors. Accordingly, the Corporation’s past results may not be a good indication of its future performance.

Foreign Exchange Risk

The Corporation's reported results are affected by the exchange rate between the Canadian dollar and the US dollar as approximately 78% (2016 – 76%) of its product revenues in fiscal 2017 are denominated in US dollars. Approximately 26% (2016 – 28%) of the Corporation's costs in fiscal 2017 are denominated in US dollars and provide a partial economic hedge on revenues, against the fluctuation in currency exchange between the US and the Canadian dollar. The Corporation's residual revenues and costs are primarily denominated in Canadian dollars and its policy is to convert excess US dollar cash into Canadian dollars when received.

Geopolitical Risk

CMG sells its products and services in approximately 60 countries and maintains offices in Canada, the United States, the United Kingdom, the United Arab Emirates, Colombia and Malaysia. Some of these countries have greater economic, political and social risks than North America. Some of those risks include:

- Costs associated with the use of foreign agents and contractors;
- Difficulties in collecting accounts receivable;
- Currency restrictions and exchange rate fluctuations;
- The burdens of complying with a wide variety of foreign laws;
- Changes in laws governing existing operations and contracts;
- Changes to taxation policies dramatically increasing tax costs to the Corporation;
- Possible social, labor, political, and economic instability;
- Economic and legal sanctions;
- Non-compliance with applicable anti-corruption and bribery laws.

Any disruption in our ability to complete a sale cycle, including disruption of travel to customers' locations to provide training and support, and the cost of reorganizing daily activities of foreign operations, could have an adverse effect on CMG's business, financial condition and operational results.

Non-compliance with applicable anti-corruption and bribery laws could subject the Corporation to onerous penalties and the costs of prosecution.

Competition Risk

Competition is a risk for the Corporation as it is for almost every company in every sector. The reservoir simulation software industry currently consists of three major suppliers (including the Corporation) and a number of small suppliers. Some of the other suppliers, including two major suppliers, offer products or oil field services outside the scope of reservoir simulation. Some potential clients may prefer to deal with such multi-service suppliers, while others prefer an independent supplier such as the Corporation.

The introduction by competitors of products embodying new technology and the emergence of new industry standards and practices could render the Corporation's products obsolete and unmarketable and could exert price pressures on existing products which could have negative effects on the Corporation's business, operating results and financial condition.

Labour Risk

The Corporation's continued success is substantially dependent on the performance of its key employees and officers. The loss of the services of these personnel as well as failure to attract additional key personnel could have a negative impact upon the Corporation's business, operating results and financial condition. Due to high levels of competition for qualified personnel, there can be no assurance that the Corporation will be successful in retaining and attracting such personnel.

Intellectual Property Risk

The Corporation regards its software as proprietary and attempts to protect it with copyrights, trademarks and trade secret measures, including restrictions on disclosure and technical measures. Despite these precautions, it may be possible for third parties to copy the Corporation's programs or aspects of its trade secrets. The Corporation has no patents, and existing legal and technical precautions provide only limited practical protection. The Corporation could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Corporation. In such an event, the Corporation may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such a resolution would not require that the Corporation pay damages or obtain a license of a third party's proprietary rights in order to continue licensing its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Corporation.

The Corporation does not know of any infringement of any third party's patent rights, copyrights, trade secrecy rights or other intellectual property disputes in the development or support of its products.

Cyber Risk

CMG is dependent on information technology (“IT”) infrastructure to process, transmit and store electronic information, to advertise, inform and train around CMG’s products and services, to manage business operations and for the functioning and/or delivery of the Company’s products and services. CMG’s IT infrastructure is composed of hardware, software, networks, data center facilities, web servers, and all related equipment required to operate. Natural disasters, energy blackouts, operating malfunction, software virus or malware, cyber security attacks, human error, employee misconduct or other sources could result in the temporary or permanent loss of any or all parts of CMG’s IT infrastructure. Any such incident or breach could create system disruptions or slowdowns. In such an event, the information stored in CMG’s IT infrastructure could be accessed, publicly disclosed, lost, or stolen, which could subject CMG to liability and cause the Company to incur significant costs to eliminate or alleviate the problem. Additionally, such occurrences could cause negative publicity and harm to CMG’s reputation.

Tax Liability Risk

With operations and sales in various countries, CMG is subject to taxes in several jurisdictions around the world. Significant judgment is required in determining the Corporation’s worldwide liability for income, indirect and other taxes, as well as potential penalties and interest. Although management believes that all expenses and tax credits claimed by the Corporation, including research and development expenses and foreign tax credits, are reasonable, deductible and have been correctly determined, tax authorities may disagree with the treatment of items reported by the Corporation, the result of which could have a material adverse effect on our financial condition and results of operations.

CMG conducts operations worldwide through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements with its subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm’s length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, a tax authority in one or more jurisdictions could challenge the validity of our related-party transfer pricing methodologies, which could result in adjustments in favor of the taxing authority.

RESULTS OF OPERATIONS

The Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for the year ended March 31, 2017 is incorporated herein by reference. The Corporation's MD&A is available on the System of Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Non-Voting Shares and an unlimited number of preferred shares, of which 79,481,508 Common Shares are issued and outstanding as at May 18, 2017. No Non-Voting Shares or preferred shares are outstanding.

Common Shares

The holders of Common Shares will be entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the holders of Common Shares and, upon liquidation, dissolution or winding up, to receive pro rata the remaining property and assets of the Corporation as are distributable to the holders of the Common Shares, subject to the rights of shares having priority over the Common Shares. All of the Common Shares currently outstanding are fully-paid and non-assessable. The holders of Common Shares have been issued rights pursuant to the Corporation's Shareholder Rights Plan (as described below) in respect of each Common Share.

Non-Voting Shares

The Non-Voting Shares were originally granted to Foundation CMG pursuant to the February 27, 1997 Acquisition Agreement. The last of the previously issued Non-Voting Shares were converted to Common Shares on June 4, 2010 and there are currently no issued and outstanding Non-Voting Shares.

Holders of Non-Voting Shares are entitled to receive notice of and attend at all meetings of the shareholders of the Corporation. The holders of Non-Voting Shares are entitled to elect one director to the board of directors (the "Board") of the Corporation, so long as the number of issued and outstanding Non-Voting Shares represents at least 10% of the aggregate number of issued and outstanding Non-Voting Shares and Common Shares, but will not be otherwise entitled to vote at a meeting of shareholders except as may be required by law or by regulatory authorities.

The holders of Non-Voting Shares rank equal to the holders of Common Shares in their entitlement to dividends if, as and when declared by the directors and upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares and the Non-Voting Shares. The holders of Non-Voting Shares have been issued rights pursuant to the Corporation's Shareholder Rights Plan (as described below) in respect of each Non-Voting Share.

Preferred Shares

Preferred shares may be issued from time to time in one or more series, each series consisting of a number of preferred shares as determined by the Board of the Corporation, who may also fix the designation, rights, privileges, restrictions and conditions attached to the shares of each series of preferred shares.

The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, be entitled to preference over the Common Shares and the Non-Voting Shares and over any other shares of the Corporation ranking by their terms junior to the preferred shares of that series.

Shareholder Rights Plan

On May 18, 2006, the Board adopted a shareholder rights plan (the "Rights Plan") which was ratified and confirmed by the shareholders of the Corporation at the Annual and Special Meeting of Shareholders held on July 13, 2006. It was subsequently renewed by the Shareholders on July 9, 2009 and July 13, 2012.

On May 20, 2015, the Board considered the merits of renewing the Rights Plan on or before the third-year anniversary of shareholder approval of the plan and determined that it was in the best interest of the Corporation to continue to have a shareholder rights plan in place. Upon careful review, the Board agreed to approve an amended and restated rights plan (the "Amended and Restated Rights Plan") between the Corporation and Valiant Trust Company (which has since been succeeded by Computershare Trust Company of Canada as the Corporation's transfer agent and registrar). The Amended and Restated Rights Plan is similar in all respects to the Rights Plan, with the exception of certain minor amendments to: (i) provide clarity that prior approval of the holders of Voting Shares is required to supplement, amend, vary, rescind or delete any of the provisions of the Rights Plan except to the extent that the Corporation may make amendments to the Rights Plan to correct any clerical or typographical error or which are required to maintain the validity of the Rights Plan as a result of any change in any applicable legislation or regulations or rules thereunder; (ii) provide for the ratification and reconfirmation of the agreement at every third annual meeting after the annual meeting in 2015, consistent with the approach in other shareholder rights plans; and (iii) reflect the amendment and restatement of the Rights Plan.

The Board adopted the Amended and Restated Rights Plan to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any takeover bid or similar offer for all or a portion of the outstanding Common Shares or Non-Voting Shares of the Corporation. The Amended and Restated Rights Plan discourages discriminatory, coercive or unfair takeovers of the Corporation and gives the Board time, if in the circumstances the Board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited takeover bid is made for all or a portion of the outstanding Common Shares or Non-Voting Shares of the Corporation.

The Amended and Restated Rights Plan was approved by the Corporation's shareholders at the Annual Meeting of Shareholders on July 9, 2015.

The Amended and Restated Rights Plan will remain in effect until termination of the Annual Meeting of Shareholders of the Corporation in 2018 unless the term of the Amended and Restated Rights Agreement is extended beyond such date by resolution of shareholders at such meeting.

A complete copy of the current Rights Plan has been filed and is available on SEDAR at www.sedar.com.

DIVIDEND POLICY

The amount of cash dividends declared and paid per Common Share for each of the three most recently completed fiscal years is as follows:

				2017
($ per share)	**Q1**	**Q2**	**Q3**	**Q4**
Dividends declared and paid per Common Share	**0.10**	**0.10**	**0.10**	**0.10**
Total dividends declared and paid	**0.10**	**0.10**	**0.10**	**0.10**

				2016
	Q1	Q2	Q3	Q4
Dividends declared and paid per Common Share	0.10	0.10	0.10	0.10
Total dividends declared and paid	0.10	0.10	0.10	0.10

				2015
	Q1	Q2	Q3	Q4
Dividends declared and paid per Common Share	0.10	0.10	0.10	0.10
Total dividends declared and paid	0.10	0.10	0.10	0.10

Subsequent to March 31, 2017, the Corporation declared a quarterly dividend of $0.10 per share on its Common Shares, payable on June 15, 2017 to shareholders of record as of June 7, 2017.

The Corporation's Board adopted a dividend policy in May 2004 which states that the Corporation intends to continue to declare a quarterly dividend in line with its overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board. There can be no assurance as to the amount or payment of such dividends in the future. The payment of dividends is not restricted except so as to comply with the ABCA, which prevents companies from declaring and paying dividends if there are reasonable grounds for believing that the Corporation is, or would after the payment be, unable to pay its liabilities as they become due or if the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

MARKET FOR SECURITIES

The Common Shares of the Corporation are listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbol "CMG". The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

Period	High ($)	Low ($)	Volume
2016			
April	10.53	9.84	1,561,452
May	10.43	8.94	1,940,543
June	10.61	9.43	1,413,726
July	10.47	9.50	929,777
August	10.62	9.21	1,267,379
September	9.95	9.20	1,439,459
October	10.55	9.72	1,036,455
November	10.14	8.20	2,163,228
December	9.30	8.53	1,652,604
2017			
January	9.50	9.09	1,530,279
February	10.38	9.08	2,461,262
March	10.50	9.44	1,384,252
April	10.89	10.25	1,978,541
to May 18, 2017	11.32	10.28	1,953,050

DIRECTORS AND OFFICERS

Directors are elected each year at the annual meeting of shareholders of the Corporation to hold office until the close of the next annual meeting of shareholders of the Corporation or until they resign or their successors are elected or appointed. Mr. Meyer, the Board's longest serving director, will retire from the Board of Directors at the close of the upcoming Annual Meeting of Shareholders, and a new director will be elected at the meeting to fill the vacant position. The last annual meeting of the shareholders was held on July 14, 2016 and an Annual Meeting of Shareholders is scheduled for July 13, 2017 to deal with the business of the Corporation for fiscal year 2017.

The following table sets forth the directors and officers of the Corporation, all positions and offices with the Corporation now held by them and their principal occupations for the past five years.

Name and Municipality of Residence	Position and Committee Membership(s) with the Corporation	Principal Occupation For the Past Five Years
Kenneth M. Dedeluk Alberta, Canada	President and Chief Executive Officer Director (since July 13, 2000)	President and Chief Executive Officer of the Corporation since August 1, 2000.

Name and Municipality of Residence	Position and Committee Membership(s) with the Corporation	Principal Occupation For the Past Five Years
Sandra Balic, CPA, CA Alberta, Canada	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer of the Corporation since September 2013. From August 2010 to August 2013, Controller of the Corporation. From March 2009 to July 2010, Manager of Financial Reporting of the Corporation.
Robert R. Eastick Alberta, Canada	Vice President, CoFlow	Vice President, CoFlow of the Corporation since November 2012 (position title changed from Vice President, DRMS Development in October 2014). From June 2012 to October 2012, Vice President, DRMS and Visualization of the Corporation. From December 2011 to May 2012, Vice President, Visualization of the Corporation. From February 2007 to November 2011, Manager, Visualization and Deployment of the Corporation.
James C. Erdle Texas, USA	Vice President, USA and Latin America	Vice President, USA and Latin America of the Corporation since June 2008. Prior thereto, Managing Director of the Corporation's US subsidiary and GCC Region Sales from August 2003 to May 2008.
Christopher L. Fong Alberta, Canada	Director (since February 9, 2012), Audit Committee	Independent businessman. From February 2008 until retirement in May 2009, Global Head, Corporate Banking, Energy with RBC Capital Markets. Prior thereto, Managing Director, Corporate Banking, Energy with RBC Capital Markets from 1999 to February 2008. Sat on the Petroleum Advisory Committee of the Alberta Securities Commission until March 2017. Was a director for Anderson Energy Ltd from June 2009 to November 2016. Currently a director of Canadian Natural Resources Limited.
R. David Hicks Dubai, United Arab Emirates	Vice President, Eastern Hemisphere	Vice President, Eastern Hemisphere of the Corporation since April 2013. From October 2011 to March 2013, General Manager, Eastern Hemisphere of the Corporation. From April 1998 to September 2011, Account Manager, European Region of the Corporation.

Name and Municipality of Residence	Position and Committee Membership(s) with the Corporation	Principal Occupation For the Past Five Years
Patrick Jamieson, Ph.D. British Columbia, Canada	Director (since May 24, 2007), Governance Committee	Independent oil and gas technology consultant since August 2011. From May 2004 to July 2011, Senior Advisor, Technology at Nexen Inc. Chairman and Director of CMG Reservoir Simulation Foundation from February 2007 and April 2006, respectively, until July 2016.
Peter Kinash, CPA, CA Alberta, Canada	Director (since June 29, 2004), Audit Committee, Governance Committee	Chief Financial Officer since 2002 and India Chief Operating Officer since 2010 of Replicon Inc., a private software company.
Kathy L. Krug Alberta, Canada	Corporate Secretary	Partner, Norton Rose Fulbright Canada LLP, a law firm, since 2007 and prior thereto an associate with the same firm.
Anjani Kumar Alberta, Canada	Vice President, Engineering Solutions and Marketing	Vice President, Engineering Solutions and Marketing of the Corporation since July 2015. From April 2014 to June 2015, Vice President, Consulting, Support and Training. From May 2009 to March 2014, Manager – Consulting, Support and Training of the Corporation.
Frank L. Meyer Alberta, Canada	Director (since October 18, 1996), Chairman of the Board	Consultant for Normey Enterprises (2002) Inc., a consulting company, since 2002. From August 2000 to September 30, 2002, Senior Advisor to the Corporation. From October 1996 to August 1, 2000, President and Chief Executive Officer of the Corporation. Director of CMG Reservoir Simulation Foundation, a not-for-profit software research company, since November 1985 and President of CMG Reservoir Simulation Foundation from November 1985 to May 2010.
Long X. Nghiem Alberta, Canada	Vice President, Research and Development	Vice President, Research and Development of the Corporation since 1997.

Name and Municipality of Residence	Position and Committee Membership(s) with the Corporation	Principal Occupation For the Past Five Years
Ryan Schneider Alberta, Canada	Chief Operating Officer	Chief Operating Officer of the Corporation since April 2015. From April 2013 to March 2015, Vice President, Marketing and Canadian Sales of the Corporation. From October 2011 to March 2013, Vice President, Marketing of the Corporation. From February 2004 to September 2011, Chief Technology Officer of Acceleware Ltd.
Robert F.M. Smith Alberta, Canada	Director (since August 5, 1998), Audit Committee (Chair)	Independent financial and business consultant since 1996. Director of CMG Reservoir Simulation Foundation since August 2010.
John B. Zaozirny, Q.C. Alberta, Canada	Director (since November 10, 1996), Lead Director, Governance Committee (Chair)	Vice Chair, Canaccord Genuity Corp., an investment dealer, from May 2010 to June 2016 and prior thereto, Vice Chair of Canaccord Financial Inc. Counsel to McCarthy Tetrault LLP, a law firm, from July 1987 to December 2008. Director of Pengrowth Energy Corporation from 1988 to 2016 and Bankers Petroleum Ltd. from 2004 to 2016.

As of May 18, 2017, all directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 3,738,875 Common Shares, representing 4.70% of the total issued and outstanding shares of the Corporation. In addition, all directors and officers of the Corporation, as a group, hold options to acquire an aggregate of 2,279,500 Common Shares as at May 18, 2017.

No director, officer or shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, a personal holding company of any such person, or a company for which such person is or has acted as a director or executive officer that while such person was acting in that capacity, or within a year of the person ceasing to act in that capacity is or has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Mr. Kinash was a director of EmberClear Corp. from December 17, 2010 to November 26, 2014. EmberClear Corp. was subject to a cease trade order issued by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission issued on October 30, 2014, November 5, 2014 and November 17, 2014, respectively. The cease trade orders were issued as a result of EmberClear Corp. not having filed its annual audited financial statements, the related management's discussion and analysis, and certificates for the year ended June 30, 2014. On January 13, 2015, each of the named securities commissions issued an order revoking the cease trade orders and EmberClear Corp. remedied its deficiencies.

Conflicts of Interest

As of May 18, 2017, management of the Corporation is not aware of any material conflict of interest, direct or indirect, which may exist as between the Corporation and any of its subsidiaries and any director or officer of the Corporation.

Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed in the *Business Corporations Act* (Alberta) which require a director or officer of a corporation who is a party to, or is a director or officer or has a material interest in any person who is a party to a material contract or proposed material contract with the Corporation, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the *Business Corporations Act* (Alberta).

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under Multilateral Instrument 52-110 *Audit Committees*. The full text of the audit committee's charter is included in Appendix A of this Annual Information Form.

Composition and Qualifications

The audit committee consists of three members, all of whom are independent and financially literate. The relevant education and experience of each audit committee members is outlined below:

Robert F.M. Smith (Chair)
Independent, Financially Literate

Mr. Smith holds a Bachelor of Commerce degree, majoring in finance, from the University of Calgary and has been a director of the Corporation since August 1998. He has been an independent financial and business consultant since 1996 and is engaged by clients to evaluate financing options and to assess capital investment in or purchase suitability of corporations of similar complexity to the Corporation. As Vice-President of the Royal Bank of Canada for 11 years and as a corporate banker with the same bank for 24 years prior to that, Mr. Smith has experience in analyzing financial statements and using and monitoring the bank's internal control systems and procedures for financial reporting. He has obtained additional financial experience and exposure to accounting and financial issues as a director and audit committee chairman of several not-for-profit organizations.

Peter Kinash, CPA, CA
Independent, Financially Literate

Mr. Kinash holds a Bachelor of Commerce degree (with distinction) from the University of Saskatchewan and a Chartered Professional Accountant designation. He has been a director of the Corporation since June 2004. He has been an independent advisor and consultant on financial matters to emerging and established technology companies since 2001, including serving as Chief Financial Officer of Aqua-Pure Ventures Inc., a publicly traded company from May to December 2008 and of Replicon Inc., a Calgary-based private software company since 2002. As a Chartered Professional Accountant and partner with KPMG LLP (Calgary), a chartered professional accountant firm, Mr. Kinash attained experience in preparing, auditing, analyzing and evaluating financial statements. He has an understanding of the accounting principles used by the Corporation as well as the implications of those accounting principles on the Corporation's financial results. Mr. Kinash has also obtained significant financial experience and exposure to accounting and financial issues as a director and audit committee member of other public and private companies.

Christopher L. Fong
Independent, Financially Literate

Mr. Fong has been a director of the Corporation since February 2012. He graduated with a Bachelor of Chemical Engineering from McGill University, has post graduate courses in Finance, Economics and Accounting from McGill University and the University of Calgary and is a Professional Engineer with more than 35 years' experience in the energy business. Mr. Fong retired in May 2009 from his position as Global Head, Corporate Banking, Energy with RBC Capital Markets which he held since February 2008. Prior thereto he was Managing Director, Corporate Banking, Energy with RBC Capital Markets from 1999 to February 2008. Mr. Fong currently serves on the board of directors of Canadian Natural Resources Limited.

Pre-Approval Policies and Procedures

The Corporation's audit committee has adopted the following policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by KPMG LLP:

The audit committee has pre-approved the provision of specific permitted audit, tax and other non-audit services by KPMG LLP and has granted the Chief Financial Officer the authority to retain KPMG LLP's services on the basis of this pre-approval. A report on the permitted audit, tax and other non-audit services provided to the Corporation is presented to the audit committee on an annual basis. All proposed services and the fees payable in connection with such services that have not already been pre-approved must be pre-approved by either the Chairman of the Audit Committee or the full Board depending upon the size of the engagement.

Of the fees reported below under the heading "External Auditor Service Fees," none of the fees billed by KPMG LLP were approved by the audit committee pursuant to an available *de minimis* exception that the Corporation relied on.

External Auditor Service Fees

The following table provides information about the fees billed to the Corporation for professional services rendered by KPMG LLP during the fiscal years ended March 31, 2016 and 2015:

Years ended March 31, ($)	**2017**	2016
Audit Fees	**165,171**	143,000
Tax Fees	**55,261**	59,935
TOTAL	**220,432**	202,935

Audit Fees: Audit fees consist of fees for the audit of the Corporation's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements, including the review of interim financial statements.

Tax Fees: Tax fees consist of fees for tax compliance services, tax advice and tax planning. The services provided in this category included assistance and advice in relation to the preparation of corporate income tax returns and other filings, and research and advice on international and other tax matters.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

The Company has not entered into any material contracts, other than contracts entered into in the ordinary course of business, within the past year or entered into before the most recently completed fiscal year that are still in effect.

INTERESTS OF EXPERTS

KPMG LLP, the external auditor, has prepared an opinion with respect to the Corporation’s consolidated financial statements as at and for the year ended March 31, 2017. In connection with the audit of the Corporation’s annual financial statements for the year ended March 31, 2017, the auditors confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including information as to the remuneration and indebtedness of directors and officers of the Corporation, the principal holders of the Corporation's securities, options to purchase the Corporation's securities, and the interests of insiders in material transactions, where applicable, is contained in the Corporation's Management Information Circular prepared in connection with the most recent annual meeting of shareholders that involved the election of directors. Additional financial information, including the consolidated financial statements and MD&A for the year ended March 31, 2017, is contained in the Financial Report of the Corporation for the year ended March 31, 2017.

Copies of this Annual Information Form, the Corporation's Financial Report, any interim financial statements of the Corporation subsequent to financial statements contained in the Financial Report, the Corporation's Management Information Circular and other additional information relating to the Corporation are available on SEDAR at www.sedar.com.

APPENDIX A
COMPUTER MODELLING GROUP LTD.
AUDIT COMMITTEE CHARTER

A. FUNCTION

The Audit Committee is part of the Board of Directors of Computer Modelling Group Ltd. and its function is to assist the Board in fulfilling its stewardship with respect to: (i) the oversight, review and approval of the financial statements and reports and financial reporting processes of the Corporation, (ii) the relationship with the external auditor and the audit process, and (iii) the adequacy and effectiveness of internal control over financial reporting and disclosure controls and procedures that management has established. The Audit Committee provides assistance by reviewing, reporting, and recommending its stewardship matters to the Board for consideration and decision.

B. CONSTITUTION

1. The Audit Committee members shall be appointed by the Board and serve at the pleasure of the Board until they are succeeded or resign. Where a vacancy occurs at any time in the membership of the Audit Committee, it shall be filled by the Board.

2. The Audit Committee shall be constituted with a minimum of three directors, each of whom shall satisfy the independence, financial literacy and experience requirements of applicable laws, rules or guidelines, any applicable stock exchange requirements or guidelines or any other applicable regulatory rules (see Appendix 1 and NI 52-110, 1.4, 1.5 and 1.6). Determinations as to whether a particular director satisfies the requirements for membership shall be made by the Board with the assistance of the Governance Committee if requested by the Board. A majority of the Audit Committee shall constitute a quorum for the transaction of business.

3. The Chair of the Audit Committee may be designated by the Board or, if the Board does not do so, the members of the Audit Committee may elect a chair by a vote of a majority of the full Audit Committee membership.

4. A recording assistant for the Audit Committee shall be appointed by the Audit Committee.

C. COMMUNICATION, AUTHORITY TO ENGAGE ADVISORS

1. The Audit Committee shall have access to such officers and employees of the Corporation, the Corporation’s external auditor and information respecting the Corporation as it considers necessary or advisable to perform its duties and responsibilities.

2. Any employee may bring before the Audit Committee, on a confidential basis and anonymously if desired, any matter involving the Corporation's financial practices or transactions. [NI 52-110, 2.3(7)]

3. The Audit Committee provides an avenue for communication with the external auditor and financial management and the Board. The external auditor shall have a direct line of communication to the Audit Committee through its Chair and shall report directly to the Audit Committee. [NI 52-110, 2.2]

4. In discharging its obligations and in appropriate circumstances, the Audit Committee may engage outside advisors at the expense of the Corporation. [NI 52-110, 4.1]

5. The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

D. MEETINGS, MINUTES AND REPORTING

1. The Audit Committee shall determine the number of, dates and times, place and the procedures for meetings provided that:

   a) the Audit Committee meets at least quarterly;

   b) the Audit Committee shall meet prior to Board meetings for the purpose of reviewing and preparing recommendations to the Board;

   c) agendas and preparation documents are sent to directors with sufficient time for study prior to the meetings;

   d) there be a quorum of a majority of members present in person or via telephone or other communication facilities that permits all those directors participating to hear each other;

   e) in the absence of the Audit Chair, a chair for a meeting is chosen at the meeting;

   f) resolutions are decided by a majority vote, the chair not having a second or casting vote; and

   g) the Audit Committee shall hold in camera sessions at every meeting, (1) without management present, and (2) without the auditor present.

2. The recording assistant of the Audit Committee shall record minutes of the meetings and, after review by the Audit Chair and by the CFO, ensure minutes are included in the next subsequent Board meeting book, as information for all directors.

3. The Audit Chair shall make a report, verbal or written, of each meeting and recommendations at the next Board meeting following such Audit Committee meeting.

E. STEWARDSHIP FUNCTIONS

Relationship with External Auditor

1. The Audit Committee shall:

   a) review and evaluate on an annual basis the performance of the external auditor and make a recommendation to the Board as to the nomination or re-appointment of the external auditor and the compensation of the auditor for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services, ensuring that such auditor is a participant in good standing pursuant to applicable securities laws; [NI 52-110, 2.3(2)]

   b) review and approve the audit plan of the external auditor with the external auditor, including the staffing thereof, prior to the commencement of the audit;

   c) oversee the work of the external auditor in performing its audit review or attest services and oversee the resolution of any disagreements between management of the Corporation and the external auditor; [NI 52-110, 2.3(3)]

   d) as may be required by all securities laws, rules and guidelines, either: (i) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any) or, in the case of de minimus non-audit services where the aggregate fees for such services is no more than 5% of all the fees paid to the external auditor, approve such non-audit services prior to the completion of the audit [NI 52-110, 2.3(4), 2.4, 2.5]; or (ii) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services [NI 52-110, 2.6] provided such policies and procedures are: (A) detailed as to the particular services, (B) the Audit

Committee is informed of the services and (C) the procedures do not include delegation of the Audit Committee's responsibilities to management;

e) review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:

(i) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;

(ii) discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and

(iii) recommending that the Board take appropriate action in response to the external auditor's report to satisfy itself of the independence of the external auditor;

f) monitor the rotation of the partners on the audit engagement team in accordance with applicable law; and

g) review and approve the hiring policies of the Corporation regarding partners and employees and former partners and employees of the present and former external auditor of the Corporation. [NI 52-110, 2.3(8)]

Financial Statements and Financial Reporting

2. The Audit Committee shall:

a) review with management and the external auditor and recommend to the Board for approval, the Corporation’s annual financial statements, interim financial reports, MD&A accompanying such financial statements and reports, the reports of the external auditors thereon, and related financial reporting, including related press releases and the financial report, before public disclosure; [NI 52-110, 2.3(5)]

b) review with management and recommend to the Board for approval, the Corporation's annual information form;

c) consider and be satisfied that adequate procedures and policies are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than public disclosure referred to in clause 2(a) above, and periodically assess the adequacy of such procedures; [NI 52-110, 2.3(6)]

d) consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding the Corporation's annual financial statements and interim financial reports and other disclosure;

e) upon completion of each audit, review with the external auditor the results of such audit, which includes, but is not limited to:

(i) reviewing the scope and quality of the audit work performed;

(ii) reviewing the capability of the Corporation’s financial personnel;

(iii) reviewing the co-operation received from the Corporation’s financial personnel during the audit;

(iv) reviewing the internal resources used;

(v) reviewing significant transactions outside of the normal business of the Corporation;

(vi) reviewing the appropriateness of the accounting policies applied in the Corporation's financial statements and reports and whether they are considered as aggressive, balanced or conservative; and

(vii) reviewing significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, internal control over financial reporting or disclosure controls and procedures;

f) review Audit Committee information within the draft information/proxy circular and annual information form and recommend to the Board for approval;

g) review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus or other public disclosure document of the Corporation;

h) review with management, the external auditor and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been or may be disclosed in the financial statements; and

i) review accounting, tax, legal and financial aspects of the operations of the Corporation as the Audit Committee considers appropriate.

Internal Controls

3. The Audit Committee shall:

a) establish procedures for the receipt, retention and treatment of complaints, submissions and concerns by employees or otherwise regarding financial reporting and disclosure accounting controls or auditing matters on a confidential and anonymous basis and review the Corporation's Whistleblower Policy on at least an annual basis; [NI 52-110, 2.3(7)]

b) review with management and the external auditor, the adequacy and effectiveness of the internal control and disclosure controls and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters) and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;

c) review the external auditor's recommendations regarding any matters including internal control over financial reporting and disclosure controls and procedures, and management's responses thereto;

d) review with management, on at least an annual basis, their approach to monitoring the performance of internal control over financial reporting in accordance with their CEO/CFO certification process, as required by applicable securities laws, rules and guidelines; and

e) review practices concerning the expenses and perquisites of the CEO, including the use of the assets of the Corporation.

Financial and Derivative Risk Management

4. The Audit Committee shall:

a) review with management and the external auditor their assessment of significant financial risks and exposure;

b) review and assess the steps that management has taken to mitigate such risks; and

c) report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the business of the Corporation.

Matters Delegated by Board

5. The Audit Committee may deal with any other matters requested by the Board, including, but not limited to: reviewing the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation.