

UNDERWRITING AGREEMENT

March 7, 2016

Canyon Services Group Inc.
Suite 2900, 255 - 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Attention: Mr. Bradley P.D. Fedora
President and Chief Executive Officer

Dear Sirs:

Re: Offering of Common Shares of Canyon Services Group Inc.

Peters & Co. Limited (as lead underwriter), CIBC World Markets Inc., Cormark Securities Inc., Raymond James Ltd., National Bank Financial Inc., AltaCorp Capital Inc., FirstEnergy Capital Corp., RBC Dominion Securities Inc. and TD Securities Inc. (collectively, the “**Underwriters**”) understand that Canyon Services Group Inc. (the “**Corporation**”) proposes to issue and sell 13,750,000 common shares of the Corporation (the “**Firm Shares**”) at a price of \$4.00 per Firm Share for gross proceeds of \$55,000,000. We also understand that the Corporation will prepare and file, in accordance with the terms hereof, the Preliminary Prospectus (as defined herein), the Prospectus (as defined herein) and all other necessary documents in order to qualify the Offered Shares (as defined herein) for distribution to the public in each of the Qualifying Provinces (as defined herein).

Upon and subject to the terms and conditions contained in this Agreement (as defined herein), the Underwriters hereby severally, and not jointly, nor jointly and severally, agree to purchase from the Corporation on the Closing Date (as defined herein), in the respective percentages set forth in section 18 hereof, and the Corporation hereby agrees to issue and sell to the Underwriters, or purchasers identified by the Underwriters, all but not less than all of the Firm Shares, at the purchase price of \$4.00 per Firm Share, being an aggregate purchase price of \$55,000,000.

In consideration of the Underwriters’ agreement to purchase the Firm Shares, the Corporation hereby grants to the Underwriters an option (the “**Over-Allotment Option**”) to purchase from the Corporation, at the Underwriters’ election, up to an additional 2,062,500 common shares of the Corporation (the “**Over-Allotment Option Shares**”). The Underwriters may exercise the Over-Allotment Option, in whole or in part, at any time and from time to time until 30 days following the Closing Date for the purpose of covering over-allotments at the Closing Time, if any, and for market stabilization purposes, by written notice to the Corporation setting forth the number of Over-Allotment Option Shares to be purchased. In the event and to the extent that the Underwriters exercise the Over-Allotment Option, subject to the terms and conditions hereof, the Underwriters hereby severally, and not jointly, nor jointly and severally, agree to purchase from the Corporation the number of Over-Allotment Option Shares as to which the Over-Allotment Option shall have been exercised in the respective percentages set forth in section 18 hereof, and the Corporation hereby agrees to issue and sell such number of Over-Allotment Option Shares to the Underwriters at a purchase price of \$4.00 per Over-Allotment Option Share.

Notwithstanding anything to the contrary contained herein and subject to the terms and conditions hereof, the Underwriters, acting through their U.S. Affiliates (as defined herein), may offer and sell the Offered Shares in the United States (as defined herein) on a private placement basis to Qualified Institutional Buyers (as defined in Schedule “A” hereto) in compliance with the exemption from registration provided by Rule

144A (as defined in Schedule “A” hereto), and in accordance with applicable state securities laws and the provisions of Schedule “A” hereto.

The Underwriters shall be entitled (but not obligated) in connection with the offering and sale of the Offered Shares to retain as sub-agents other registered securities dealers and may receive subscriptions for Offered Shares from subscribers from other registered dealers. The fee payable to any such sub-agent shall be for the account of the Underwriters.

The Underwriters will offer the Offered Shares initially at the offering price specified above. The Underwriters may subsequently reduce the price at which the Offered Shares are offered. Any such reduction shall not reduce the proceeds received by the Corporation in accordance with this Agreement.

1. Definitions

In this Agreement:

- (a) “**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) “**Additional Closing Date**” or “**Additional Closing Time**” shall have the meaning set forth in subsection 13(b) hereof;
- (c) “**Agreement**” means this agreement and not any particular article or section or other portion except as may be specified, and words such as “**hereof**”, “**hereto**”, “**herein**” and “**hereby**” refer to this Agreement as the context requires;
- (d) “**AIF**” means the annual information form of the Corporation for the year ended December 31, 2015 and dated March 11, 2016;
- (e) “**Applicable Securities Laws**” means, collectively, the Canadian Securities Laws and the U.S. Securities Laws;
- (f) “**ASC**” means the Alberta Securities Commission;
- (g) “**Business Day**” means a day which is not Saturday or Sunday or a legal holiday in the City of Calgary, Alberta;
- (h) “**Canadian Securities Laws**” means all applicable Canadian securities laws, rules, regulations, notices, instruments, blanket orders and policies in the Qualifying Provinces;
- (i) “**Closing Date**” means March 29, 2016 or such other date as Peters & Co. Limited, on behalf of the Underwriters, and the Corporation may agree, each acting reasonably, but in any event not later than 42 days after the date of the Final Passport System Decision Document;
- (j) “**Closing Time**” means 6:00 a.m. (Calgary time) or such other time, on the Closing Date, as the Underwriters and the Corporation may agree;
- (k) “**Common Shares**” means the common shares of the Corporation and, where appropriate in the context, includes the Offered Shares;

- (l) **“Corporation”** means Canyon Services Group Inc., a corporation duly incorporated pursuant to the provisions of the ABCA;
- (m) **“Corporation Financial Statements”** means the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2015 and 2014, together with the report of the Corporation’s auditors thereon and the notes thereto;
- (n) **“Corporation’s auditors”** means KPMG LLP, Chartered Accountants, Calgary, Alberta;
- (o) **“Corporation’s counsel”** means Burnet, Duckworth & Palmer LLP or such other legal counsel as the Corporation, with the consent of the Underwriters, may retain;
- (p) **“CTSL”** means Canyon Technical Services Ltd.;
- (q) **“distribution”** means **“distribution”** or **“distribution to the public”**, as the case may be, as defined under the Canadian Securities Laws and **“distribute”** has a corresponding meaning;
- (r) **“Documents”** means, collectively, the documents incorporated by reference in the Prospectuses and any Supplementary Material including, without limitation:
 - (i) the AIF;
 - (ii) the Corporation Financial Statements;
 - (iii) management’s discussion and analysis of the Corporation for the year ended December 31, 2015;
 - (iv) the information circular of the Corporation dated April 6, 2015 relating to the annual meeting of shareholders of the Corporation held on May 20, 2015;
 - (v) the material change report of the Corporation dated March 8, 2016 with respect to the suspension of dividend payments;
 - (vi) the material change report of the Corporation dated March 11, 2016 with respect to the Offering;
 - (vii) the template version of the term sheet for the offering dated March 7, 2016 contemplated by this Agreement; and
 - (viii) any documents of the type required by NI 44-101 to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), interim financial statements, annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operations, information circulars, annual information forms, Marketing Materials and business acquisition reports filed by the Corporation with the Securities Commissions after the date of this Agreement and during the period of distribution;
- (s) **“Due Diligence Session”** shall have the meaning set forth in subsection 3(d) hereof;
- (t) **“Exchange”** means the Toronto Stock Exchange;

- (u) **“Final Passport System Decision Document”** means a receipt for the Prospectus issued in accordance with the Passport System;
- (v) **“Fraction”** means Fraction Energy Services Ltd.;
- (w) **“IFRS”** means International Financial Reporting Standards;
- (x) **“Intellectual Property”** has the meaning set forth in subsection 7(b)(xliv) hereof;
- (y) **“Marketing Documents”** means, collectively, all: (i) Standard Term Sheets; and (ii) Marketing Materials (including any template version, revised template version or limited use version thereof) provided to a potential investor in connection with the Offering;
- (z) **“Marketing Materials”** has the meaning ascribed to such term in NI 41-101;
- (aa) **“Material Adverse Change”** or **“Material Adverse Effect”** means any change, effect, event occurrence or circumstances which:
 - (i) is or could reasonably be expected to be material and adverse to the business, operations, revenues, properties, results of operations, affairs, assets, capitalization, condition (financial or otherwise), prospects, rights or liabilities (absolute, accrued, contingent or otherwise), cash flow or income of the Corporation and its subsidiaries (taken as a whole); or
 - (ii) would or could reasonably be expected to impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform their obligations contained in this Agreements;other than a change or effect:
 - (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada and the United States and elsewhere;
 - (iv) resulting from a change in commodity prices; or
 - (v) conditions affecting the oilfield services industry generally in jurisdictions in which the Corporation (including its subsidiaries) carries on a material portion of its business,provided, however, that the change or effect referred to in clause (iii), (iv) or (v) above does not primarily relate only to (or have the effect of primarily relating only to) the Corporation and its subsidiaries (taken as a whole), or disproportionately affects the Corporation and its subsidiaries (taken as a whole), compared to other entities of similar size operating in the oilfield services industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;
- (bb) **“material change”**, **“material fact”** and **“misrepresentation”** shall have the meanings ascribed thereto under the Canadian Securities Laws;

- (cc) “**Material Subsidiary**” means CTSL and Fraction and other any subsidiary of the Corporation, the total assets or revenue of which constitute more than 10% of the consolidated assets or revenue of the Corporation as at December 31, 2015;
- (dd) “**MI 11-102**” means Multilateral Instrument 11-102 *Passport System* of the Canadian Securities Administrators, as amended or replaced;
- (ee) “**NI 41-101**” means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators, as amended or replaced;
- (ff) “**NI 44-101**” means National Instrument 44-101 *Short Form Prospectus Distributions* of the Canadian Securities Administrators, as amended or replaced;
- (gg) “**NI-51-102**” means National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, as amended or replaced;
- (hh) “**NP 11-202**” means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* of the Canadian Securities Administrators, as amended or replaced;
- (ii) “**Offered Shares**” means, collectively, the Firm Shares and the Over-Allotment Option Shares;
- (jj) “**Over-Allotment Option Notice**” has the meaning set forth in subsection 13(b) hereof;
- (kk) “**Passport System**” means the system and procedures for the filing of prospectuses and related materials in one or more Canadian jurisdictions pursuant to MI 11-102 and NP 11-202;
- (ll) “**Preliminary Passport System Decision Document**” means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;
- (mm) “**Preliminary Prospectus**” means the preliminary short form prospectus of the Corporation to be dated March 11, 2016 and any amendments thereto, in respect of the distribution of the Offered Shares, including the documents incorporated by reference therein;
- (nn) “**Preliminary U.S. Placement Memorandum**” means the confidential preliminary U.S. private placement memorandum and any amendments thereto, including the Preliminary Prospectus;
- (oo) “**Prospectus**” means the (final) short form prospectus of the Corporation and any amendments thereto, in respect of the distribution of the Offered Shares including the documents incorporated by reference therein;
- (pp) “**Prospectuses**” means, collectively, the Preliminary Prospectus and the Prospectus;
- (qq) “**Provide**” shall have the meaning ascribed to such term in NI 41-101 and NI 44-101;
- (rr) “**Public Record**” means all information filed by or on behalf of the Corporation with the Securities Commissions since January 1, 2015, including without limitation, the Documents, the Prospectuses, any Supplementary Material and any other information filed

with any Securities Commission in compliance, or intended compliance, with any Applicable Securities Laws;

- (ss) “**Qualifying Provinces**” means each of the provinces of Canada other than the province of Québec;
- (tt) “**Responses**” means the written responses and verbal responses (to the extent such verbal responses are subsequently reduced to writing in a form acceptable to the Corporation, in its sole discretion) delivered on behalf of the Corporation by certain directors and officers of the Corporation at the Due Diligence Session;
- (uu) “**SEC**” means the United States Securities and Exchange Commission;
- (vv) “**Securities Commissions**” means the securities commissions or similar regulatory authorities in the Qualifying Provinces;
- (ww) “**Selling Dealer Group**” means the dealers and brokers other than the Underwriters and their U.S. Affiliates, who participate in the offer and sale of the Offered Shares pursuant to this Agreement;
- (xx) “**Standard Term Sheet**” has the meaning ascribed to such term in NI 41-101;
- (yy) “**subsidiary**” means a subsidiary in respect of the Corporation within the meaning of the *Securities Act* (Alberta) and including, without limitation, the Material Subsidiaries;
- (zz) “**Supplementary Material**” means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemental Preliminary Prospectus or Prospectus or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Canadian Securities Laws;
- (aaa) “**Swaps**” means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or 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);
- (bbb) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;
- (ccc) “**template version**” has the meaning ascribed to such term in NI 41-101;
- (ddd) “**to the best of the knowledge, information and belief of the Corporation**” means a statement as to the knowledge of each of the executive officers of the Corporation about the facts or circumstances to which such phrase related, after having made due inquiries in respect of such facts and circumstances that would ordinarily be made by executive officers of oilfield services companies, acting reasonably, without special inquiry for the purpose of the offering and sale of the Offered Shares and “**to the knowledge of the Corporation**”

means a statement as to the actual knowledge of each of the executive officers of the Corporation about the facts or circumstances to which such phrase related;

- (eee) “**Underwriters’ counsel**” means Torys LLP or such other legal counsel as the Underwriters, with the consent of the Corporation, may retain;
- (fff) “**Underwriting Fee**” has the meaning set forth in section 2 hereof;
- (ggg) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (hhh) “**U.S. Affiliate**” means a United States broker-dealer affiliate of an Underwriter, duly registered as a broker-dealer under the U.S. Exchange Act and all applicable state securities laws;
- (iii) “**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
- (jjj) “**U.S. Placement Memorandum**” means the final U.S. private placement memorandum and any amendments thereto, including the Prospectus;
- (kkk) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder; and
- (lll) “**U.S. Securities Laws**” means the United States federal securities laws, including, without limitation, the U.S. Securities Act, and applicable state securities laws.

In addition, unless otherwise defined herein capitalized terms shall have the meanings ascribed thereto in the Prospectuses.

2. Underwriting Fee

In consideration for their services hereunder, the Corporation agrees to pay to Peters & Co. Limited, on behalf of the Underwriters:

- (a) at the Closing Time, a fee equal to the amount of \$0.20 (5.0%) for each Firm Share purchased (being an aggregate amount of \$2,750,000); and
- (b) if applicable, at each Additional Closing Time, a fee equal to the amount of \$0.20 (5.0%) for each Over-Allotment Option Share purchased.

The foregoing fees (collectively, the “**Underwriting Fee**”) may, at the sole option of the Underwriters, be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Underwriters. For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to the Goods and Services Tax (“**GST**”) provided for in the *Excise Tax Act (Canada)* and taxable supplies provided will be incidental to the exempt financial services provided. However, in the event that the Canada Revenue Agency determines that GST provided for in the *Excise Tax Act (Canada)* is exigible on the Underwriting Fee, the Corporation agrees to pay the amount of GST forthwith upon the request of the Underwriters. The Corporation also agrees to pay the Underwriters’ reasonable expenses as set forth in section 10 hereof which expenses may also be deducted from the aggregate gross proceeds of the sale of the Offered Shares at the sole option of the Underwriters.

3. Qualification for Sale

- (a) The Corporation represents and warrants to the Underwriters that it is eligible to use the short form prospectus offering qualification system described in NI 44-101 for the distribution of the Offered Shares.
 - (b) The Corporation shall elect and comply with the Passport System and shall:
 - (i) not later than 5:00 p.m. (Calgary time) on March 11, 2016, have prepared and filed the Preliminary Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions and designated the ASC as the principal regulator under the Passport System;
 - (A) as soon as possible thereafter have obtained from the ASC a Preliminary Passport System Decision Document dated March 11, 2016, evidencing that a receipt for the Preliminary Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario;
 - (ii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions but not later than March 18, 2016 (or such later date as may be agreed to in writing by the Corporation and the Underwriters), have:
 - (A) prepared and filed the Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions; and
 - (B) obtained from the ASC a Final Passport System Decision Document, evidencing that a receipt for the Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

and otherwise fulfilled all legal requirements to enable the Offered Shares to be offered and sold to the public in each of the Qualifying Provinces through the Underwriters or any other investment dealer or broker registered in the appropriate category in the applicable Qualifying Province; and

 - (iii) until the completion of the distribution of the Offered Shares, promptly take all additional steps and proceedings that from time to time may be required under the Canadian Securities Laws in each Qualifying Province to continue to qualify the Offered Shares for distribution or, in the event that the Offered Shares have, for any reason, ceased to so qualify, to again qualify the Offered Shares for distribution.
- (c) Prior to the filing of the Prospectuses and, during the period of distribution of the Offered Shares, prior to the filing with any Securities Commissions of any Supplementary Material or any documents incorporated by reference therein after the date hereof, the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of, and to approve the form of, such documents and to have reviewed any documents incorporated by reference therein.

- (d) During the period from the date hereof until completion of the distribution of the Offered Shares, the Corporation shall allow the Underwriters to conduct all due diligence which they may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters to responsibly execute the certificates required to be executed by them in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its directors and senior management and shall use its commercially reasonable efforts to cause its auditors, legal counsel and other experts to be available, to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the “**Due Diligence Session**”). The Underwriters shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use its commercially reasonable efforts to have its auditors, legal counsel and other experts provide written responses to such questions in advance of the Due Diligence Session.
- (e) The Corporation shall take or cause to be taken all such other steps and proceedings, including fulfilling all legal, regulatory and other requirements, as required under Canadian Securities Laws to qualify the Offered Shares for distribution to the public in the Qualifying Provinces, and as required to be taken by the Corporation under U.S. Securities Laws to offer and sell the Offered Shares to Qualified Institutional Buyers in accordance with Rule 144A and similar exemptions under applicable state securities laws.
- (f) During the distribution of the Offered Shares:
 - (i) the Corporation and Peters & Co. Limited, on behalf of the Underwriters, shall approve in writing, prior to such time Marketing Materials are Provided to potential investors, a template version of any Marketing Materials reasonably requested to be provided by the Underwriters to any such potential investor, such Marketing Materials to comply with Applicable Securities Laws. The Corporation shall file a template version of such Marketing Materials with the Securities Commissions as soon as reasonably practicable after such Marketing Materials are so approved in writing by the Corporation and Peters & Co. Limited, on behalf of the Underwriters, and in any event on or before the day the Marketing Materials are first Provided to any potential investor of Offered Shares, and such filing shall constitute the Underwriters’ authority to use such Marketing Materials in connection with the Offering. Any comparables shall be redacted from the template version in accordance with NI 44-101 prior to filing such template version with the Securities Commissions and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Securities Commissions by the Corporation. The Corporation shall prepare and file with the Securities Commissions a revised template version of any Marketing Materials Provided to potential investors of Offered Shares where required under Applicable Securities Laws;
 - (ii) the Corporation, and the Underwriters, on a several basis (and not joint, nor joint and several), covenant and agree:
 - (A) not to Provide any potential investor of Offered Shares with any Marketing Materials unless a template version of such Marketing Materials has been filed by the Corporation with the Securities Commissions on or before the

day such Marketing Materials are first Provided to any potential investor of Offered Shares;

- (B) not to Provide any potential investor with any materials or information in relation to the distribution of the Offered Shares or the Corporation other than: (a) such Marketing Materials that have been approved and filed in accordance with this subsection 3(f); (b) the Preliminary Prospectus and the Prospectus; and (c) any Standard Term Sheets approved in writing by the Corporation and Peters & Co. Limited, on behalf of the Underwriters; and
- (C) that any Marketing Materials approved and filed in accordance with this subsection 3(f), and any Standard Term Sheets approved in writing by the Corporation and Peters & Co. Limited, on behalf of the Underwriters, shall only be Provided to potential investors of Offered Shares in the Qualifying Provinces.

4. Delivery of Prospectuses and Related Documents

The Corporation shall deliver or cause to be delivered without charge to the Underwriters and the Underwriters' counsel the documents set out below at the respective times indicated:

- (a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus:
 - (i) copies of the Preliminary Prospectus and the Prospectus signed as required by the Canadian Securities Laws;
 - (ii) copies of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum; and
 - (iii) upon request by the Underwriters, copies of any documents incorporated by reference therein which have not previously been delivered to the Underwriters;
- (b) as soon as they are available, copies of any Supplementary Material signed as required by the Canadian Securities Laws and including, in each case, copies of any documents incorporated by reference therein which have not been previously delivered to the Underwriters; and
- (c) prior to the filing of the Prospectus with the Securities Commissions, a "comfort letter" from the Corporation's auditor, dated the date of the Prospectus, addressed to the Underwriters and satisfactory in form and substance to the Underwriters and the Underwriters' counsel, acting reasonably, to the effect that they have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus and the documents incorporated therein by reference with indicated amounts in the financial statements or accounting records of the Corporation, and have found such information and percentages to be in agreement, which comfort letter shall be based on the Corporation's auditor's review having a cut-off date of not more than two Business Days prior to the date of the Prospectus.

Comfort letters similar to the foregoing shall be provided to the Underwriters with respect to any Supplementary Material and any other relevant document at the time the same is presented to the Underwriters for their signature or, if the Underwriters' signature is not required, at the time the same is filed. All such letters shall be in form and substance acceptable to the Underwriters and the Underwriters' counsel, acting reasonably.

The deliveries referred to in sections 4(a) and 4(b) shall also constitute the Corporation's consent to the use by the Underwriters, the U.S. Affiliates and members of the Selling Dealer Group of the Documents, the Prospectuses, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material in connection with the offering and sale of the Offered Shares.

5. Commercial Copies

- (a) The Corporation shall, as soon as possible but in any event not later than noon (local time at the place of delivery) on the Business Day following the date of receipt of the Preliminary Passport System Decision Document or the Final Passport System Decision Document, as the case may be (or such other date or time as the Underwriters and the Corporation may agree), from the Securities Commissions and no later than noon (local time) on the first Business Day after the execution of any Supplementary Material in connection with the Prospectuses cause to be delivered to the Underwriters, without charge, commercial copies of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or such Supplementary Material in such numbers and in such cities as the Underwriters may reasonably request (it being agreed that deliveries outside of Calgary, Alberta and Toronto, Ontario may be delivered no later than noon (local time at the place of delivery) on the day that is two Business Days following the receipt of the Preliminary Passport System Decision Document or the Final Passport System Decision Document or execution of any Supplementary Material) by oral or written instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents.
- (b) The Corporation shall cause to be provided to the Underwriters such number of copies of any documents incorporated by reference in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Materials as the Underwriters may reasonably request.
- (c) The Corporation will similarly cause to be delivered to the Underwriters, at those delivery points as the Underwriters may reasonably request, commercial copies of any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Shares, as applicable.

6. Material Change and Certain Other Covenants

- (a) During the period of distribution of the Offered Shares, the Corporation will promptly inform the Underwriters in writing of the full particulars of:
 - (i) any material change (actual, anticipated or threatened) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its subsidiaries, taken as a whole;

- (ii) any change in any material fact contained or referred to in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material; and
- (iii) the occurrence or discovery of a material fact or event which, in any such case, is, or may be, of such a nature as to:
 - (A) render the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material untrue, false or misleading in any material respect;
 - (B) result in a misrepresentation in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material; or
 - (C) result in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material not complying in any material respect with the Applicable Securities Laws; or,

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this section has occurred or been discovered, the Corporation shall promptly inform the Underwriters of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Underwriters as to whether the occurrence is of such nature prior to making any filing referred to in subsection 6(c).

- (b) During the period of distribution of the Offered Shares, the Corporation will promptly inform the Underwriters in writing of the full particulars of:
 - (i) any request of any Securities Commission, the SEC or similar regulatory authority for any amendment to, or to suspend or prevent the use of, the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any other part of the Public Record or for any additional information;
 - (ii) the issuance by any Securities Commission, the SEC or similar regulatory authority, the Exchange, any other stock exchange or any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and
 - (iii) the receipt by the Corporation of any communication from any Securities Commission, the SEC or similar regulatory authority, the Exchange, any other stock exchange or any other competent authority relating to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any other part of the Public Record or the distribution of the Offered Shares.

- (c) The Corporation will promptly comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with Applicable Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in subsections (a) or (b) above and the Corporation will prepare and file promptly at the Underwriters' request any amendment to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, or Supplementary Material as may be required under Applicable Securities Laws; provided that the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters to responsibly execute the certificate required to be executed by them in, or in connection with, any Supplementary Material, such approval not to be unreasonably withheld and to be provided in a timely manner. The Corporation shall further promptly deliver to each of the Underwriters and the Underwriters' counsel a copy of each Supplementary Material as filed with the Securities Commissions, and of letters with respect to each such Supplementary Material substantially similar to those referred to in section 4 above.

- (d) During the period of distribution of the Offered Shares, the Corporation will promptly provide to the Underwriters, for review by the Underwriters and the Underwriters' counsel, prior to filing or issuance:
 - (i) any financial statement or management's discussion and analysis of the Corporation;
 - (ii) any proposed document, including without limitation any amendment to the AIF, new annual information form, material change report, interim report, business acquisition report or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectus;
 - (iii) any press release of the Corporation; and
 - (iv) any amendment to the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum or the U.S. Placement Memorandum.

7. Representations and Warranties of the Corporation

- (a) Each delivery of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material pursuant to section 4 above shall constitute a representation and warranty to the Underwriters by the Corporation (and the Corporation hereby acknowledges that each of the Underwriters is relying on such representations and warranties in entering into this Agreement) that:
 - (i) all of the information and statements (except information and statements furnished in writing by and relating solely to the Underwriters) contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference therein, as the case may be:

- (A) are at the respective dates of such documents, true and correct in all material respects;
 - (B) contain no misrepresentation; and
 - (C) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Shares;
- (ii) the Preliminary Prospectus, the Prospectus or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference therein, as the case may be, comply in all material respects with Canadian Securities Laws, including without limitation NI 44-101 and the U.S. Placement Memorandum and any related Supplementary Material complies in all material respects with U.S. Securities Laws; and
 - (iii) except as is disclosed in the Public Record, there has been no intervening material change (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material to the time of delivery thereof, in the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its subsidiaries (taken as a whole).
- (b) In addition to the representations and warranties contained in subsection 7(a) hereof, the Corporation represents and warrants to the Underwriters, and acknowledges that each of the Underwriters is relying upon such representations and warranties in entering into this Agreement that:
- (i) each of the Corporation and its subsidiaries has been duly incorporated and organized and is valid and subsisting under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity, power and authority to carry on its business as described in the Prospectuses and to own, lease and operate its properties and assets as described in the Prospectuses;
 - (ii) each of the Corporation and its subsidiaries is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its business;
 - (iii) each of the Corporation and its subsidiaries has conducted and is conducting and will conduct its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to it of each jurisdiction in which it carries on business and holds all licences, registrations and qualifications in all jurisdictions in which it carries on business which are necessary or desirable to carry on its business as now conducted and as contemplated to be conducted in the Prospectuses (except where the failure to so conduct its business or to hold such licences, registrations or qualifications would not, individually or in the aggregate, have a Material Adverse Effect), all such licences, registrations or qualifications are valid and existing and in good standing (except where such lack of good standing would not have a Material Adverse Effect) and none of such licences,

registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect, and the Corporation is not aware of any legislation, regulation, rule or lawful requirements presently in force or proposed to be brought into force which the Corporation or its subsidiaries anticipates the Corporation or any of its subsidiaries will be unable to comply with without materially adversely affecting the Corporation and its subsidiaries (taken as a whole);

- (iv) the Corporation does not have any subsidiaries other than CTSL, Canyon Technical Services Inc., Fraction and Fraction US Holdings Corp. and the Corporation is not “affiliated” with or a “holding corporation” of any other body corporate (within the meaning of those terms in the ABCA) and the Corporation is not a partner of any partnerships (other than participating in industry partnerships in the ordinary course of business) or limited partnerships or joint ventures and the Corporation has no material shareholdings in any other corporation, partnership or business organization, other than the Corporation’s 46% shareholding in Green Energy Services Ltd.;
- (v) Fraction and CTSL are the only Material Subsidiaries of the Corporation;
- (vi) all of the issued and outstanding securities of the Corporation’s subsidiaries are fully paid and non-assessable and legally and beneficially owned (other than Green Energy Services Ltd. of which 46% of the equity is legally and beneficially owned) directly by the Corporation, free and clear of all liens, mortgages, charges, security interests, pledges, encumbrances, claims or demands whatsoever and no person holds any securities convertible into or exchangeable for issued or unissued securities of the Corporation’s subsidiaries or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued or issued securities of the Corporation’s subsidiaries;
- (vii) the minute books of each of the Corporation and its subsidiaries contain full, true and correct copies of the constating documents of the Corporation and its subsidiaries, and contain copies of all minutes of all meetings (to the extent such minutes have been reviewed and approved by the board of directors of the Corporation, drafts of any such unapproved minutes, having been made available to the Underwriters’ counsel) and all consent resolutions of the Corporation’s and its subsidiaries’ directors, committees of directors or shareholders and all such meetings were duly called and properly held and all consent resolutions were properly adopted;
- (viii) the books of account and other records of each of the Corporation and its subsidiaries, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (ix) the Corporation and each of its subsidiaries has duly and on a timely basis filed all tax returns due and required to be filed by it, has paid all taxes due and payable and has paid all assessments and reassessments and all other taxes, governmental charges, penalties, interest and other fines due and payable and which were claimed by any governmental authority to be due and owing and adequate

provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required to be filed and there are no agreements, waivers, or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Corporation or any of its subsidiaries and to the knowledge of the Corporation there are no actions, suits, proceedings, investigations or claims threatened or pending against the Corporation or any of its subsidiaries in respect of taxes, governmental charges or assessments or any matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority other than as disclosed in the Public Record;

- (x) as at the date hereof, the Corporation is not aware of any material contingent tax liability of the Corporation or its subsidiaries or any grounds which will prompt a reassessment which would result in a material tax liability other than as disclosed in the Public Record;
- (xi) the Corporation and each of its subsidiaries has duly and timely withheld from any amount paid or credited by it to or for the account or benefit of any person, including any employee, officer, director, or non-resident person, the amount of all taxes and other deductions required by applicable law to be withheld and has duly and timely remitted the withheld amount to the appropriate taxing or other authority and has duly and timely issued tax reporting slips or returns in respect of any amount so paid or credited by it as required by applicable law;
- (xii) all filings made by each of the Corporation and its subsidiaries under which it has received or is entitled to government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid to the Corporation or its subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed;
- (xiii) except to the extent that any violation or other matter referred to in this section does not have a Material Adverse Effect:
 - (A) neither the Corporation nor any of its subsidiaries is in violation of any applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, “**Environmental Laws**”);
 - (B) each the Corporation and its subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (C) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or any of its subsidiaries that have not been remedied;

- (D) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of its subsidiaries;
 - (E) neither the Corporation nor any of its subsidiaries has failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign (“**Government Authority**”) the occurrence of any event which is required to be so reported by any Environmental Law;
 - (F) each of the Corporation and its subsidiaries holds all licences, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licences, permits and approvals are in full force and effect, and except for (A) notifications and conditions of general application to assets of the type owned by the Corporation, and (B) notifications relating to reclamation obligations under the *Environmental Protection and Enhancement Act* (Alberta), neither the Corporation nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
 - (G) neither the Corporation nor any of its subsidiaries (including, if applicable, any predecessor companies thereof) have received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither the Corporation nor any of its subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of material non-compliance short of prosecution;
- (xiv) any and all operations of each of the Corporation and its subsidiaries and, to the best of the knowledge, information and belief of the Corporation, any and all operations by third parties, in respect of the assets of the Corporation and its subsidiaries, have, in all material respects, been conducted in accordance with good oilfield services industry practices and in material compliance with applicable laws, rules, regulations, orders and directives of government and other competent authorities;
 - (xv) in respect of the assets and properties of each of the Corporation and its subsidiaries that are operated by it, if any, each of the Corporation and its subsidiaries holds all valid licences, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets and properties of the Corporation and its subsidiaries as presently operated except where to hold all valid licenses, permits and similar rights would not have a Material Adverse Effect;
 - (xvi) the Corporation has full corporate capacity, power and authority to enter into this Agreement and to perform its obligations set out herein (including, without limitation, to issue and sell the Offered Shares and to grant the Over-Allotment

Option), and this Agreement has been duly authorized, executed and delivered by the Corporation and this Agreement is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;

- (xvii) no action, approval, consent or vote on the part of the shareholders of the Corporation is or shall be necessary to consummate the transactions contemplated by this Agreement;
- (xviii) the Corporation has the necessary corporate power and authority to execute, deliver and file the Prospectuses and, prior to the filing of the Prospectuses, all requisite action will have been taken by the Corporation to authorize the execution, delivery and filing of the Prospectuses;
- (xix) the attributes and characteristics of the Offered Shares conform in all material respects to the attributes and characteristics thereof described in the Prospectuses;
- (xx) the Corporation has full corporate power and authority to issue the Offered Shares and, at the Closing Date, the Firm Shares and, at any Over-Allotment Option Closing Date, if applicable, the Over-Allotment Option Shares issued thereon, will be duly and validly authorized, allotted and reserved for issuance and will, upon receipt of full payment therefor, be validly issued as fully paid and non-assessable Common Shares;
- (xxi) none of the Corporation or any of its subsidiaries has received any notice of and is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of, this Agreement by the Corporation or any of the transactions contemplated hereby, does not and will not:
 - (A) result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, (i) any term or provision of the articles, by-laws or other constating documents of the Corporation or any of its subsidiaries, as applicable, (ii) any resolutions of shareholders or directors (or any committee thereof) of the Corporation or any of its subsidiaries, (iii) any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of its subsidiaries is a party or by which it is bound, or (iv) any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation or any of its subsidiaries, or
 - (B) create a right for any other party to terminate, accelerate or in any way alter any other rights existing under any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of its subsidiaries is a party or by which it is bound,

which default or breach or exercise of such right might reasonably be expected to have a Material Adverse Effect;

- (xxii) to the best of the knowledge, information and belief of the Corporation, no other party is in default in the observance or performance of any term or obligation to be performed by such other party under any contract to which the Corporation or any of its subsidiaries is a party or by which it is bound and no event has occurred which after notice or lapse of time or both would result in a breach of or constitute a default under, in any such case which default or event would reasonably be expected to have a Material Adverse Effect;
- (xxiii) there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation and its subsidiaries from the position set forth in the Corporation Financial Statements except as contemplated by or disclosed in the Prospectuses and there has not been any adverse material change in the business, operations, properties, assets, capital, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its subsidiaries (taken as a whole) or their properties or assets (on a consolidated basis) since December 31, 2015 except as disclosed in the Prospectuses; and since that date there have been no material facts, transactions, events or occurrences which could have a Material Adverse Effect which have not been disclosed in the Prospectuses;
- (xxiv) the Corporation Financial Statements fairly present, in accordance with IFRS, consistently applied, the consolidated financial position and condition, the results of operations, cash flows and the other information purported to be shown therein of the Corporation and its subsidiaries as at the dates thereof and for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation and its subsidiaries on a consolidated basis as at the dates thereof required to be disclosed by IFRS, and include all adjustments necessary for a fair presentation;
- (xxv) the Corporation has not completed any “significant acquisitions” nor are there any proposed significant acquisitions that would require, pursuant to NI 44-101, any financial statements or pro-forma financial statements in respect thereof to be included in the Prospectuses;
- (xxvi) there has not been any reportable event (within the meaning of Section 4.11 of NI 51-102) with the auditors of the Corporation;
- (xxvii) other than in connection with the Corporation’s credit facilities, neither the Corporation nor any of its subsidiaries is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation and applicable laws and other than in favour of transfer agents or agents or underwriters in connection with issuances of securities) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (xxviii) neither the Corporation nor any of its subsidiaries has any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm’s length with the Corporation that are currently outstanding;

- (xxix) there are no actions, suits, proceedings or inquiries in existence or, to the knowledge of the Corporation, pending or threatened against or affecting the Corporation or any of its subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the business, operations, capital, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its subsidiaries (taken as a whole) or their properties or assets (on a consolidated basis) or which affects or may affect the distribution of the Offered Shares or which would impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations contained in this Agreement and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (xxx) the information and statements set forth in the Public Record were true, correct, and complete and did not contain any misrepresentation, as of the date of such information or statement, and the Corporation has not filed any confidential material change reports still maintained on a confidential basis;
- (xxxii) the authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which 69,948,745 Common Shares and nil preferred shares are currently issued and outstanding as at the date hereof, each of which Common Shares is validly issued, fully paid and non-assessable;
- (xxxiii) no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of the Corporation except: (i) 1,586,818 Common Shares reserved for issuance pursuant to options granted by the Corporation pursuant to its share purchase option plan; and (ii) 2,535,116 incentive based units issued under the stock-based compensation plan of the Corporation;
- (xxxiv) none of the directors, officers or employees of the Corporation, or, to the knowledge of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation or any of its subsidiaries which, as the case may be, materially affects, is material to or will materially affect the Corporation and its subsidiaries (taken as a whole);
- (xxxv) to the knowledge of the Corporation, none of the Corporation or its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangement in respect of outstanding securities of the Corporation;

- (xxxv) Computershare Trust Company of Canada, at its principal offices in the cities of Calgary, Alberta and Toronto, Ontario has been duly appointed registrar and transfer agent of the Common Shares;
- (xxxvi) no Securities Commission, other securities commission or similar regulatory authority, the Exchange or other exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation and no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened;
- (xxxvii) the issued and outstanding Common Shares are listed and posted for trading on the Exchange and the Corporation is in compliance in all material respects with the current listing and corporate governance requirements of the Exchange;
- (xxxviii) the Corporation is a “reporting issuer” in each of the provinces of Canada within the meaning of the Canadian Securities Laws in such provinces and is not in default of any requirement of Canadian Securities Laws in any material respect;
- (xxxix) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation, other than as disclosed in writing to the Underwriters;
- (xl) no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Offered Shares, except pursuant to Applicable Securities Laws and approval of the Exchange;
- (xli) other than as provided for in this Agreement, the Corporation has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) or brokerage fees, finder’s fees, underwriter’s or agent’s commission or other similar forms of compensation with respect to the transactions contemplated hereby;
- (xlii) the form and terms of the definitive certificate representing the Common Shares have been duly approved and adopted by the Corporation and comply with all legal requirements relating thereto;
- (xliii) to the knowledge of the Corporation, none of its directors or officers are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;
- (xliv) (A) the Corporation and its subsidiaries own all rights in or have obtained or can acquire on reasonable terms valid and enforceable licenses or other rights to use the patents, patent applications, inventions, copyrights, know how (including trade secrets and other proprietary or confidential information), trademarks (both registered and unregistered), trade names or any other intellectual property (collectively, “**Intellectual Property**”) which is used for the conduct of the Corporation’s or its subsidiaries’ business as now operated, free and clear of any liens, charges, encumbrances and security interests or other adverse claims or interest of any kind or nature affecting the assets of the Corporation or its subsidiaries, other than encumbrances pursuant to the Corporation’s existing credit

facilities; (B) to the knowledge of the Corporation, there is no infringement by third parties of any Intellectual Property owned, licensed or commercialized by the Corporation or its subsidiaries; and (C) to the knowledge of the Corporation, the creation and use of the Intellectual Property of the Corporation or its subsidiaries has not and does not infringe upon the Intellectual Property of any third party;

- (xliv) other than as disclosed in the Public Record or contracts provided for review to Underwriter's counsel, there are no material contracts or agreements to which the Corporation or any of its subsidiaries is a party or by which they are bound and each of such contracts and agreements constitute a legally valid and binding agreement of the Corporation or its subsidiaries, as the case may be, enforceable in accordance with their respective terms and, to the best of the knowledge, information and belief of the Corporation, no party thereto is in default thereunder. For the purposes of this section, any contract or agreement pursuant to which the Corporation or any of its subsidiaries will, or may reasonably be expected to, result in a requirement to expend more than an aggregate of \$1,000,000 or receive or be entitled to receive revenue of more than \$1,000,000, in either case in the next 12 months, or is out of the ordinary course of business of either the Corporation or its subsidiaries, shall be considered to be material;
- (xlvi) the Corporation has not granted any registration or distribution rights to any person with respect to its securities;
- (xlvii) neither the Corporation nor any of its subsidiaries is a party to any written contracts of employment which, according to their terms, may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation, other than as disclosed in writing to the Underwriters;
- (xlviii) the Corporation does not currently have any Swaps outstanding, except as disclosed in the Corporation Financial Statements;
- (xlix) the Corporation is in compliance in all material respects with the filing and certification requirements of each of NI 51-102 and National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators, as amended or replaced;
- (l) neither the Corporation nor any of its subsidiaries, nor, to the knowledge of the Corporation, any officer, director, employee or agent of the Corporation or any of its subsidiaries has, directly or indirectly (a) paid or delivered any fee, commission or other sum of money or item of property, however characterized, to any broker, finder, agent, client representative, employee, political party or campaign, government official or other person, which any officer, director, employee or agent of the Corporation knew or had reason to believe, or ought to have known, was in violation of the *Corruption of Foreign Public Officials Act* (Canada), the United States *Foreign Corrupt Practices Act of 1977*, as amended, or any applicable law implementing the provisions of the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada); or (b) made or received an unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

- (li) neither the Corporation nor its subsidiaries, nor to the knowledge of the Corporation, has any director, officer, agent, employee, affiliate or person acting on behalf of the Corporation been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department (“**OFAC**”); and the Corporation will not directly or indirectly use any proceeds of the distribution of the Offered Shares, or lend, contribute or otherwise make available such proceeds to the Corporation or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States administered by OFAC;
- (lii) the operations of the Corporation and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental authority (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-governmental authority involving the Corporation or its subsidiaries with respect to the Money Laundering Laws is, to the best knowledge of the Corporation, pending or threatened; and
- (liii) the Responses relating to matters of fact will be true and correct in all material respects as at the time such responses are given and, to the knowledge of the Corporation, such responses taken as a whole shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given, and the Corporation and its directors and officers will have responded in a thorough and complete fashion. Where the Responses reflect the opinion or view of the Corporation or its directors or officers (including, Responses or portions of such Responses, which are forward looking or otherwise relate to projections, forecasts or estimates of future performance or results (operating, financial or otherwise)) (“**Forward looking Statements**”), such opinions or views are subject to the qualifications and provisions set forth in the Responses and will be honestly held and believed to be reasonable at the time they are given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward looking Statements.

8. Indemnity

- (a) The Corporation shall indemnify and save each of the Underwriters, and each of the Underwriters’ agents, affiliates, directors, officers, “controlling persons” (within the meaning of Section 15 of the U.S. Securities Act or Section 20 of the U.S. Exchange Act) and employees harmless against and from all liabilities, claims, actions, suits, investigations, proceedings and all demands, losses (other than losses of profit), costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), damages and expenses to which the Underwriters, or any of the Underwriters’ agents, directors, officers, controlling persons or employees may be subject or which the Underwriters, or any of the Underwriters’ agents, affiliates, directors, officers, controlling persons or employees may suffer or incur, whether under the provisions of any statute or otherwise (including, without limitation, any amounts paid in settlement), in any way caused by, or arising directly or indirectly from or in consequence of:

- (i) any information or statement contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or in any other document or material filed or delivered by or on behalf of the Corporation pursuant hereto (other than any information or statement relating solely to the Underwriters and furnished to the Corporation in writing by the Underwriters expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum or any Supplementary Material or such other document or material) which is or is alleged to be untrue or misleading or any omission or alleged omission to provide any information or state any fact (other than any information or fact relating solely to the Underwriters) the omission of which makes or is alleged to make any such information or statement untrue in light of the circumstances in which it was made;
- (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Underwriters and furnished to the Corporation in writing by the Underwriters expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or such other document or material) contained in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;
- (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Shares imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subsection (ii);
- (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced, announced or threatened by any one or more competent authorities (not based solely upon the activities or the alleged activities of the Underwriters or their banking or Selling Dealer Group members, if any) prohibiting, restricting, relating to or materially affecting the trading or distribution of the Offered Shares; or
- (v) any breach of, default under or non-compliance by the Corporation with any requirements of the Applicable Securities Laws, the by-laws, rules or regulations of the Exchange or any representation, warranty, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Corporation hereunder or pursuant hereto;

provided, however, no party who has been determined by a court of competent jurisdiction in a final non-appealable judgment to have engaged in any fraud, wilful misconduct or gross negligence shall be entitled, to the extent that the liabilities, claims, actions, suits, investigations, proceedings, demands, losses, costs, damages or expenses were solely caused by such activity, to claim indemnification from any person who has not also been determined by a court of competent jurisdiction in a final judgment to have engaged in such fraud, wilful misconduct or gross negligence (provided that for greater certainty, the foregoing shall not disentitle an Underwriter from claiming indemnification hereunder to

the extent that the negligence, if any, relates to the Underwriter's failure to conduct adequate "due diligence").

- (b) If any claim contemplated by subsection (a) shall be brought, instituted or threatened against any of the persons or corporations in respect of which indemnification is or might reasonably be considered to be provided for in such subsections, such person or corporation (the "**Indemnified Person**") shall notify the Corporation (provided that failure to so notify the Corporation of the nature of such claim in a timely fashion shall relieve the Corporation of liability hereunder only if and to the extent that such failure materially prejudices the Corporation's ability to defend such claim) as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no admission of liability or settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by subsection (a) if:

- (i) the Indemnified Person has been advised by counsel that there may be a reasonable legal defense available to the Indemnified Person which is different from or additional to a defense available to the Corporation and that representation of the Indemnified Person and the Corporation by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the Corporation shall not have the right to assume the defense of such proceedings on the Indemnified Person's behalf);
- (ii) the Corporation shall not have taken the defense of such proceedings and employed counsel within ten (10) days after notice has been given to the Corporation of commencement of such proceedings; or
- (iii) the employment of such counsel has been authorized by the Corporation in connection with the defense of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his own client basis) shall be paid by the Corporation, provided that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Persons.

- (c) No settlement, compromise or consent to the entry of any judgment of any proceeding in respect of which indemnification has been or could be sought under this Agreement (whether or not an Underwriter or any other Indemnified Person is an actual or potential party to such claim, action or proceeding) shall be made by the Corporation without the prior written consent of the Indemnified Persons affected unless such settlement, compromise or consent: (i) includes an unconditional written release of the Indemnified Persons from all liability arising out of such claim, action or proceeding; and (ii) does not include any statement as to, or an admission of, fault, culpability or failure to act by or on behalf of any of the Indemnified Persons.

- (d) The Corporation hereby waives its rights to recover contribution from the Underwriters with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of any misrepresentation which is based upon information relating solely to the Underwriters contained in such document and furnished to the Corporation by the Underwriters expressly for inclusion in the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record.
- (e) If any legal proceedings shall be instituted against the Corporation in respect of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares or if any regulatory authority or stock exchange shall carry out an investigation of the Corporation in respect of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares and, in either case, any Indemnified Person is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Underwriters hereunder, the Indemnified Persons may employ their own legal counsel and, provided such proceeding is not brought as a result of any gross negligence, fraud, willful misconduct or any actions or inactions of the Indemnified Person (as determined by a court of competent jurisdiction in a non-appealable final judgment) the Corporation shall pay and reimburse the Indemnified Persons for the reasonable fees, charges and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Persons in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Underwriters involved in the preparation for or attendance at such proceedings or investigation.
- (f) The rights and remedies of the Indemnified Persons set forth in sections 8, 9 and 11 (in the case of the Underwriters) hereof are to the fullest extent possible in law cumulative and not alternative and the election by any Underwriter or other Indemnified Person to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.
- (g) The Corporation hereby acknowledges that the Underwriters are acting as agents for the Underwriters' respective agents, directors, officers, shareholders and employees under this section 8 and under section 9 with respect to all such agents, directors, officers, shareholders and employees.
- (h) The rights of indemnity contained in this section 8 shall not apply if the Corporation has complied with the provisions of sections 3 and 4 (or the Underwriters have agreed to waive compliance therewith) and the person asserting the claim contemplated by this section 8 was not provided with a copy of the Prospectus or any amendment to the Prospectus or other document which corrects any misrepresentation or alleged misrepresentation which is the basis of such claim and which was required, under Applicable Securities Laws, to be delivered to such person by the Underwriters.

- (i) The Corporation waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy or security or claim or to claim payment from any other person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.
- (j) If the Corporation has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Person shall provide the Corporation copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Corporation in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, a claim undertaken by the Corporation.

9. Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Corporation on grounds of policy or otherwise, the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit), costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), damages and expenses to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the Underwriters on the other hand, from the offering of the Offered Shares; or
- (b) if the allocation provided by subsection (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection (a) above but also to reflect the relative fault of the Underwriters on the one hand, and the Corporation, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. In the case of liability arising out of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record, the relative fault of the Corporation, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 8 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, the Corporation or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 8.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) whether or not resulting in any action, suit, proceeding or claim.

Each of the Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by *pro rata* allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding sections. The rights to contribution provided in this section 9 shall be in addition to, and without prejudice to, any other right to contribution which the Underwriters or other Indemnified Persons may have.

Any liability of an Underwriter under this section 9 shall be limited to the amount actually received by such Underwriter under section 2.

The obligations under indemnity and right to contribution provided herein shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

10. Expenses

Whether or not the transactions contemplated herein shall be completed, all costs and expenses (including applicable GST) of or incidental to the transactions contemplated hereby including, without limitation, those relating to the distribution of the Offered Shares shall be borne by the Corporation including, without limitation, all costs and expenses of or incidental to the preparation, filing, reproduction (including the commercial copies thereof) of the Preliminary Prospectus, the Prospectus, the Preliminary U.S. Placement Memorandum, the U.S. Placement Memorandum and any Supplementary Material and the delivery thereof to the Underwriters, the fees and expenses of the Corporation's counsel, the fees and expenses of agent counsel retained by the Corporation or the Corporation's counsel, the fees and expenses of the Corporation's transfer agent, auditors and other outside consultants, all stock exchange listing fees, the cost of preparing record books for all of the parties to this Agreement and their respective counsel and all other costs and expenses relating to the transactions contemplated herein including, without limitation, the reasonable fees and disbursements (which disbursements may include the fees of the Underwriters' U.S. counsel in connection with the Offering) of Underwriters' counsel (to a maximum of \$65,000, exclusive of applicable taxes) and the reasonable out-of-pocket expenses of the Underwriters (in total up to a maximum of \$20,000, exclusive of applicable taxes). All fees and expenses incurred by the Underwriters which are reimbursable hereunder shall be payable by the Corporation immediately upon receiving an invoice therefor from the Underwriters, or may, at the Underwriters' sole option be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Underwriters.

11. Termination

- (a) In addition to any other rights or remedies available to the Underwriters, the Underwriters, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time:
 - (i) any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Shares is made, or proceedings are announced, commenced or threatened for the making of any such

order, by any securities commission or similar regulatory authority, the Exchange, other stock exchange or any other competent authority, and has not been rescinded, revoked or withdrawn;

- (ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation or its subsidiaries or any of the directors or senior officers of the Corporation is announced, commenced or threatened by any securities commission or similar regulatory authority, the Exchange, other stock exchange or any other competent authority or any order has been issued under or pursuant to any statute of Canada or of any province of Canada, or any other applicable law or regulatory authority or there is a change in law, regulation or policy or the interpretation or administration thereof, if, in the opinion of the Underwriters or any one of them, acting reasonably, the change, announcement, commencement or threatening thereof materially adversely affects, or may materially adversely affect, the Corporation and its subsidiaries (taken as a whole), or the trading or distribution of the Offered Shares;
 - (iii) there shall have occurred or be discovered any adverse change, as determined by the Underwriters or any one of them in their sole discretion, acting reasonably, in the business, operations, capital or condition (financial or otherwise), business prospects of the Corporation or its subsidiaries or the respective properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation or its subsidiaries which in the opinion of the Underwriters or any one of them, could reasonably be expected to have a significant adverse effect on the market price or value of the Offered Shares or marketability of the Offered Shares;
 - (iv) there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or occurrence of national or international consequence, including any act of terrorism, war or like event, or any law, action, regulation or other occurrence of any nature whatsoever, which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets generally or the business, operations or affairs of the Corporation and its subsidiaries (taken as a whole);
 - (v) the Underwriters (or any one of them) shall become aware of any material information with respect to the Corporation or its subsidiaries which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date hereof and which in the sole opinion of the Underwriters or any one of them, acting reasonably, could be expected to have a significant adverse effect on the market price or value of the Offered Shares or marketability of the Offered Shares; or
 - (vi) the Corporation shall be in breach of, default under or non-compliance with any representation, warranty, covenant, term or condition of this Agreement in any material respect.
- (b) The Underwriters, or any of them, may exercise any or all of the rights provided for in subsection 11(a) or section 12 or 16 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the

Underwriters related to the offering or continued offering of the Offered Shares for sale and any act taken by the Underwriters in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to subsection 11(a) or section 12 or 16 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

- (c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, with a copy to the Underwriters, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under section 8, 9, 10 or 17. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other rights or remedies they may have.
- (d) If an Underwriter elects to terminate its obligation to purchase the Offered Shares as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder with respect to such Underwriter shall be limited to the indemnity referred to in section 8, the contribution rights referred to in section 9 and the payment of expenses referred to in section 10.

12. Closing Documents

The obligations of the Underwriters hereunder to purchase the Firm Shares at the Closing Time and the Over-Allotment Shares at any Additional Closing Time, as applicable, shall be conditional upon all representations and warranties and other statements of the Corporation herein being, at and as of the Closing Time and any Additional Closing Time, as applicable, true and correct in all material respects, the Corporation having performed in all material respects, at the Closing Time and any Additional Closing Time, as applicable, all of its obligations hereunder theretofore to be performed and the Underwriters receiving at the Closing Time and any Additional Closing Time, as applicable:

- (a) favourable legal opinions of the Corporation's counsel addressed to the Underwriters, in form and substance reasonably satisfactory to the Underwriters, with respect to such matters as the Underwriters may reasonably request relating to the Corporation, the offering of the Offered Shares and the transactions contemplated hereby, including, without limitation, that:
 - (i) each of the Corporation and its subsidiaries has been duly incorporated and is validly subsisting under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity, power and authority, as applicable, to carry on its business as now conducted by it and to own its properties and assets and is qualified to carry on business under the laws of the jurisdictions where it carries on a material portion of its business;
 - (ii) the Corporation has full corporate power and authority to enter into this Agreement and to perform its obligations set out herein and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to laws relating to creditors' rights generally and except as rights to indemnity and contribution may be limited by applicable law;

- (iii) the execution and delivery of this Agreement and the fulfillment of the terms hereof by the Corporation, and the performance of and compliance with the terms of this Agreement by the Corporation does not and will not result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (a) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein; (b) any term or provision of the articles, by-laws or other constating documents, as applicable, of the Corporation or any of its subsidiaries, or, of which counsel is aware, any resolutions of the shareholders or directors (or any committee thereof) of the Corporation or any of its subsidiaries; (c) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of its subsidiaries is a party or by which it is bound; or (d) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over or binding the Corporation or any of its subsidiaries or their respective properties or assets;
- (iv) the Corporation is the registered and/or beneficial holder of all issued and outstanding securities of its subsidiaries, other than Green Energy Services Ltd. of which it holds 46% of the equity interest;
- (v) the Firm Shares have been duly authorized by all necessary corporate action on the part of the Corporation and, on receipt by the Corporation of the consideration for the Firm Shares, such shares will be issued as fully paid and non-assessable Common Shares and the Over-Allotment Option has been duly authorized by all necessary corporate action;
- (vi) the Over-Allotment Option Shares have been duly reserved for issuance and will be, when issued in accordance with the due exercise of the Over-Allotment Option and upon receipt by the Corporation of the consideration for the Over-Allotment Option Shares, issued as fully paid and non-assessable Common Shares;
- (vii) the attributes of the Offered Shares conform in all material respects with the description thereof contained in the Prospectuses;
- (viii) the Offered Shares are “qualified investments” for the purposes of the Tax Act as set out under the heading “Eligibility for Investment” in the Prospectus;
- (ix) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Canadian Securities Laws of each of the Qualifying Provinces in order to qualify the Offered Shares for distribution and sale to the public in each of such Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Canadian Securities Laws;
- (x) the Corporation is a “reporting issuer” not in default of any requirement of the *Securities Act* (Alberta) and the regulations thereunder and has a similar status under the Canadian Securities Laws of each of the other Qualifying Provinces;

- (xi) the Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Canadian Securities Laws;
- (xii) the Offered Shares are conditionally approved for listing and, upon notification to the Exchange of the issuance and sale thereof and fulfillment of the conditions of the Exchange, will be listed and posted for trading on the Exchange;
- (xiii) Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and in Toronto, Ontario has been duly appointed by the Corporation as the transfer agent and registrar for the Common Shares (including the Offered Shares);
- (xiv) the authorized and issued capital of the Corporation;

and as to all other legal matters, including compliance with Canadian Securities Laws in any way connected with the issuance, sale and delivery of the Offered Shares as the Underwriters may reasonably request.

It is understood that the Corporation's counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law, and on certificates of officers of the Corporation, the transfer agent and the Corporation's auditors as to relevant matters of fact;

- (b) if any Offered Shares are sold in the United States, a legal opinion of the Corporation's special U.S. counsel, Dorsey and Whitney LLP, dated the Closing Date, addressed to the Underwriters, in form and substance acceptable to the Underwriters and the Underwriters' counsel, acting reasonably, to the effect that it is not necessary in connection with the offer and sale of the Offered Shares in the United States to register the Offered Shares under the U.S. Securities Act, provided, in each case, that such offers and sales are made in accordance with this Agreement, including Schedule "A" hereto;
- (c) a certificate of the Corporation dated the Closing Date or the Additional Closing Date, as applicable, addressed to the Underwriters and signed on behalf of the Corporation by the President and Chief Executive Officer and Chief Financial Officer of the Corporation or such other officers of the Corporation satisfactory to the Underwriters, acting reasonably, certifying that:
 - (i) the Corporation has complied with and satisfied in all material respects all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time or the Additional Closing Time, as applicable;
 - (ii) the representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects at the Closing Time or the Additional Closing Time, as applicable, as if made at such time (and, with respect to the representations and warranties contemplated by section 7(a), as if the Prospectus was delivered to the Underwriters at the Closing Time or the Additional Closing Time, as applicable); and

- (iii) no event of a nature referred to in subsection 6(a), 6(b), 11(a)(i), 11(a)(ii), 11(a)(iii) or 11(a)(vi) has occurred or to the knowledge of such officer is pending, contemplated or threatened (excluding any requirement to make any determination as to any Underwriter's opinion);
- (d) a comfort letter of the Corporation's auditor addressed to the Underwriters and dated the Closing Date or Additional Closing Date, as applicable, satisfactory in form and substance to the Underwriters, acting reasonably, bringing the information contained in the comfort letters referred to in subsection 4(c) hereof up to the Closing Time or the Additional Closing Time, as applicable, which comfort letters shall be not more than two Business Days prior to the Closing Date, or Additional Closing Date, as applicable;
- (e) evidence satisfactory to the Underwriters that the Offered Shares have been conditionally listed on the Exchange, and upon notice to the Exchange shall be posted for trading as at the opening of business on the Closing Date, or Additional Closing Date, as applicable; and
- (f) such other certificates and documents as the Underwriters may request, acting reasonably.

13. Deliveries

- (a) The sale of the Firm Shares to be purchased hereunder shall be completed at the Closing Time at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in section 12, the Underwriters, on the Closing Date, shall deliver to the Corporation by wire transfer, the amount of \$4.00 per Firm Share (being an aggregate of \$55,000,000) against delivery by the Corporation of:
 - (i) the opinions, certificates and documents referred to in section 12;
 - (ii) subject to delivery pursuant to section 13(c), definitive certificates representing, in the aggregate, all of the Firm Shares registered, subject to subsection 13(c) below, in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Closing Time; and
 - (iii) payment to Peters & Co. Limited on behalf of the Underwriters, by certified cheque, bank draft or wire transfer or such other means as the Corporation and the Underwriters may agree, of the Underwriting Fee provided for in section 2 in respect of the Firm Shares;

or the Underwriters may, in their sole discretion, deliver by wire transfer, the net amount of the amount in respect of the Firm Shares referred to above and the amount referred to in section 13(a)(iii) above.

- (b) The sale of the Over-Allotment Option Shares, if applicable, shall be completed at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree, on the date (the "**Additional Closing Date**") and at the time ("**Additional Closing Time**") specified by the Underwriters in the written notice delivered to the Corporation, which also shall specify the number of Over-Allotment Option Shares in respect of which the Over-Allotment Option is being exercised (an

“**Over-Allotment Option Note**”) (provided that in no event shall such time be earlier than the Closing Time or earlier than two (2) or later than ten (10) Business Days after the date of the written notice of the Underwriters to the Corporation in respect of the Over-Allotment Option Shares), or at such other time and date as the Underwriters and the Corporation may agree upon in writing. Subject to the conditions set forth in section 12 hereof (with the references therein to the Closing Time and Closing Date changed to the Additional Closing Time and Additional Closing Date and the references to Firm Shares changed to Over-Allotment Option Shares), the Underwriters, at the Additional Closing Time, shall deliver to the Corporation, by certified cheque, bank draft or wire transfer or such other means as the Corporation and the Underwriters may agree, the amount of \$4.00 per Over-Allotment Option Share agreed to be purchased by the Underwriters from the Corporation pursuant to the exercise of the Over-Allotment Option, against delivery by the Corporation of:

- (i) the opinions, certificates and documents referred to in section 12 hereof;
- (ii) subject to delivery pursuant to section 13(c), definitive certificates representing, in the aggregate, all of the Over-Allotment Option Shares for which the Over-Allotment Option has been exercised, registered, subject to subsection 13(c) below, in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Additional Closing Time; and
- (iii) payment to Peters & Co. Limited, on behalf of the Underwriters, by certified cheque, bank draft or wire transfer or such other means as the Corporation and the Underwriters may agree, of the Underwriting Fee provided for in subsection 2(b) hereof in respect of the Over-Allotment Option Shares;

or the Underwriters may, in their sole discretion, deliver by certified cheque, bank draft or wire transfer the net amount of the amount in respect of the Over-Allotment Option Shares referred to above and the amount referred to in 13(b)(iii) above.

Whether or not specifically contemplated in this Agreement, all provisions of this Agreement shall apply in the same manner and upon the same terms and conditions in respect of any Over-Allotment Option Shares as would apply to the Firm Shares issued and sold pursuant to this Agreement, and any steps to be taken or conditions to be satisfied at the Additional Closing shall be the same as those steps to be taken or conditions to be satisfied at Closing Time.

- (c) If the Corporation determines to issue all or part of the Offered Shares on a non-certificated basis in accordance with the rules and procedures of CDS Clearing and Depository Services Inc. (“**CDS**”), then, as an alternative to the Corporation delivering to the Underwriters definitive certificates representing the Offered Shares in the manner and at the times set forth in this section 13:
 - (i) the Underwriters will provide a direction to CDS with respect to the crediting of the Offered Shares to the accounts of the participants of CDS as shall be designated by the Underwriters in writing in sufficient time prior to the Closing Date or Additional Closing Date to permit such crediting; and

- (ii) the Corporation shall cause Computershare Trust Company of Canada, as registrar and transfer agent of the Offered Shares, to electronically deposit to CDS, on behalf of the Underwriters, the Offered Shares to be purchased hereunder (or such portion of the Offered Shares that are to be issued as a non-certificated security), in the name of "CDS & Co." as the nominee of CDS, in accordance with the rules and procedures of CDS.

14. Restrictions on Offerings

The Corporation agrees that, from the date hereof and ending on the date that is 90 days following the Closing Date that, except as contemplated by this Agreement, it will not issue, offer, or announce the issuance or offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible into or exchangeable for Common Shares, without the prior consent of Peters & Co. Limited, such consent not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent, grant options pursuant to its share purchase option plan or incentive based units issued under the stock-based compensation plan to directors, officers, consultants or employees of the Corporation and issue Common Shares on exercise thereof.

15. Notices

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation be addressed to Canyon Services Group Inc., c/o Mr. Bradley P.D. Fedora, President and Chief Executive Officer, at the above address, Fax No. (403) 355-2211 with a copy to:

Burnet, Duckworth & Palmer LLP

2400, 525 - 8th Avenue S.W.

Calgary, Alberta T2P 1G1

Attention: Alyson Goldman

Fax No.: (403) 260-0332

and, in the case of notice to be given to the Underwriters, be addressed to:

Peters & Co. Limited

2300 Jamieson Place

308 - 4th Avenue S.W.

Calgary, Alberta T2P 0H7

Attention: Christopher S. Potter

Fax No.: (403) 261-7565

CIBC World Markets Inc.

9th Floor, 855 - 2nd Street S.W.

Calgary, Alberta T2P 4J7

Attention: Michael Freeborn

Fax No.: (403) 260-0524

Cormark Securities Inc.

1800, 300 - 5th Avenue S.W.

Calgary, Alberta T2P 3C4

Attention: Ryan A. Shay

Fax No.: (403) 266-4222

Raymond James Ltd.

4250, 525 - 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Attention: Jason Holtby
Fax No.: (403) 509-0535

National Bank Financial Inc.

1800, 311 - 6th Avenue S.W.
Calgary, Alberta T2P 3H2
Attention: Blair C. Ward
Fax No.: (403) 265-0543

AltaCorp Capital Inc.

410, 585 - 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Attention: Cameron Bailey
Fax No.: (403) 539-8575

FirstEnergy Capital Corp.

1100, 311 - 6th Avenue S.W.
Calgary, Alberta T2P 3H2
Attention: Dean M. Willner
Fax No.: (403) 262-0688

RBC Dominion Securities Inc.

Bankers Hall West
3900, 888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5
Attention: Andrew MacNiven
Fax No.: (403) 299-6900

TD Securities Inc.

3600, TD Canada Trust Tower
421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Attention: Gregory B. Saksida
Fax No.: (403) 292-2776

and a copy to:

Torys LLP

4600, 525 - 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Attention: Scott R. Cochlan
Fax No.: (403) 776-3800

or to such other address as the party may designate by notice given to the other. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) on a Business Day, be deemed to be given and received on

that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and

- (b) a communication which is sent by facsimile transmission shall, if sent on a Business Day before 4:00 p.m. (local time at the place of receipt), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

16. Conditions

All terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach or failure to comply with any material terms and conditions which are for the benefit of the Underwriters shall entitle any of the Underwriters to terminate their obligations to purchase the Offered Shares, by written notice to that effect given to the Corporation prior to the Closing Time. The Underwriters may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on an Underwriter only if the same is in writing and signed by such Underwriter.

17. Survival of Representations and Warranties

All representations, warranties, terms and conditions herein (including, without limitation, those contained in section 7) or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Underwriters for the Offered Shares, the termination of this Agreement and the distribution of the Offered Shares pursuant to the Prospectus and U.S. Placement Memorandum and shall continue in full force and effect for the benefit of the Underwriters regardless of any investigation by or on behalf of the Underwriters with respect thereto.

18. Several Liability of Underwriters

The Underwriters' rights and obligations under this Agreement are several and not joint, nor joint and several, including, without limitation, that:

- (a) each of the Underwriters shall be obligated to purchase only the percentage of the total number of Firm Shares at the Closing Time and, if applicable, the Over-Allotment Option Shares at the Additional Closing Time set forth opposite their names set forth in this section 18;
- (b) if one or more of the Underwriters shall not purchase its applicable percentage of the Firm Shares at the Closing Time and the number of such Firm Shares which such defaulting Underwriter(s) agreed but failed or refused to purchase is not more than 5% of the aggregate number of Firm Shares to be purchased on such date, the non-defaulting Underwriters (the "**Continuing Underwriters**") shall be obligated severally and not jointly, nor jointly and severally, in the proportions that the respective percentage set forth below opposite the names of all such Continuing Underwriters, to purchase the Firm Shares which such defaulting Underwriter(s) agreed but failed or refused to purchase at such time; and

- (c) if any one or more of the Underwriters shall not purchase its applicable percentage of the Firm Shares at the Closing Time, and the number of Firm Shares such defaulting Underwriter(s) agreed but failed or refused to purchase is more than 5% of the aggregate number of Firm Shares to be purchased at the Closing Time, then the Continuing Underwriters who are willing and able to purchase their own applicable percentage of the total number of Firm Shares at the Closing Time shall have the right, but shall not be obligated, to purchase all of the percentage of the Firm Shares which would otherwise have been purchased by such one or more of the defaulting Underwriters; the Continuing Underwriters exercising such right shall purchase such Firm Shares *pro rata* to their respective percentages aforesaid or in such other proportions as they may otherwise agree. In the event such right is not exercised, the Continuing Underwriters which are not in default shall be entitled by written notice to the Corporation to terminate this Agreement without liability.

The applicable percentage of the total number of Firm Shares and, if applicable, Over-Allotment Option which each of the Underwriters shall be separately obligated to purchase is as follows:

Peters & Co. Limited	30.0%
CIBC World Markets Inc.	20.0%
Cormark Securities Inc.	15.0%
Raymond James Ltd.	15.0%
National Bank Financial Inc.	10.0%
AltaCorp Capital Inc.	2.5%
FirstEnergy Capital Corp.	2.5%
RBC Dominion Securities Inc.	2.5%
TD Securities Inc.	2.5%
Total	100%

Nothing in this Agreement shall obligate the Corporation to sell to the Underwriters less than all of the Firm Shares or shall relieve any Underwriter in default from liability to the Corporation or to any non-defaulting Underwriter in respect of the defaulting Underwriter's default hereunder. In the event of a termination by the Corporation of its obligations under this Agreement there shall be no further liability on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may thereafter arise under sections 8, 9 or 10.

19. Authority to Bind Underwriters

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Underwriters by Peters & Co. Limited which shall represent the Underwriters and which shall have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any settlement under section 8 or 9, any matter referred to in section 11 or section 16 or any agreement under section 18. While not affecting the foregoing, Peters & Co. Limited shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

20. Underwriters Covenants

- (a) Each of the Underwriters severally and not jointly, nor jointly and severally, covenants and agrees with the Corporation that it will:

- (i) conduct activities in connection with the proposed offer and sale of the Offered Shares in compliance with all the Applicable Securities Laws and this Agreement, including, without limitation, Schedule "A" attached hereto, and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares;
 - (ii) not solicit subscriptions for the Offered Shares, trade in Offered Shares or otherwise do any act in furtherance of a trade of Offered Shares in any jurisdictions outside of the Qualifying Provinces, except as contemplated in Schedule "A" attached hereto or in such other jurisdictions outside of Canada and the United States provided that such sales are made in accordance with the applicable securities laws of such jurisdictions, do not subject the Corporation (or any of its directors, officers or employees) to any requirement to register or complete filings or approvals or to any inquiry, investigation or proceeding by any regulatory authority in such other jurisdiction; and
 - (iii) as soon as reasonably practicable after the Closing Date but in any event no later than 30 days thereof provide the Corporation with a breakdown of the number of Offered Shares sold in each of the Qualifying Provinces and, upon completion of the distribution of the Offered Shares, provide to the Corporation and to the Securities Commissions notice to that effect, if required by Applicable Securities Laws.
- (b) For the purposes of this section 20, the Underwriters shall be entitled to assume that the Offered Shares may be lawfully offered for sale and sold in the Qualifying Provinces if the Final Passport System Decision Document has been issued, provided the Underwriters do not have actual knowledge, and have not been notified in writing by the Corporation, of any circumstances that would legally prohibit such distribution.
 - (c) The Underwriters shall be entitled to offer the Offered Shares to certain persons in the United States in accordance with the terms set out herein, including without limitation, Schedule "A" attached hereto.
 - (d) No Underwriter will be liable to the Corporation under this section 20, or any other section of this Agreement, with respect to a default by any of the other Underwriters or any member of the Selling Dealer Group but will be liable to the Corporation only for its own default.

21. Severance

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

22. Relationship Between the Corporation and the Underwriters

The Corporation: (i) acknowledges and agrees that the Underwriters have certain statutory obligations as registrants under the Canadian Securities Laws and have certain relationships with their clients; (ii) acknowledge and agree that the Underwriters are neither the agents of the Corporation nor otherwise fiduciaries of the Corporation; and (iii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as registrants under the

Canadian Securities Laws or relationships with their clients conflicts with their obligations hereunder, the Underwriters shall be entitled to fulfill their statutory obligations as registrants under the Canadian Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Underwriters from fulfilling their statutory obligations as registrants under the Canadian Securities Laws or to act for their clients.

23. No Requirement to List Securities as a Condition for Services Provided

Each of National Bank Financial Inc., CIBC World Markets Inc. and TD Securities Inc., or an affiliate thereof, owns or controls an equity interest in TMX Group Limited (“**TMX Group**”) and may have a nominee director serving on the TMX Group’s board of directors. As such, each such investment dealer may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the Exchange, the TSX Venture Exchange and the Alpha Exchange. No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service. None of National Bank Financial Inc., CIBC World Markets Inc. or TD Securities Inc. requires the Corporation to list securities on any TMX Exchange as a condition of supplying or continuing to supply underwriting and/or any other services, including any services provided pursuant to the terms hereof.

24. Stabilization

In connection with the distribution of the Offered Shares, the Underwriters may over-allot or effect within the transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market, but in each case only as permitted by applicable law. Such stabilizing transactions, if any, may be discontinued at any time.

25. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. Each of the Corporation and the Underwriters hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

26. Time of the Essence

Time shall be of the essence of this Agreement.

27. Counterpart Execution

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of counterparts may be effected by facsimile or other form of electronic transmission.

28. Further Assurances

Each party to this Agreement covenants and agrees that from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

29. Use of Proceeds

The Corporation hereby covenants and agrees to use the net proceeds of the sale of the Offered Shares hereunder in accordance with the disclosure in the Prospectus.

30. Entire Agreement

It is understood that the terms and conditions of this Agreement, including Schedule "A" hereto, supersede any previous verbal or written agreement between the Underwriters and the Corporation.

31. U.S. Offers

- (a) The Underwriters make the representations, warranties, covenants and agreements applicable to them in Schedule "A" hereto, which is incorporated by reference into and forms part of this Agreement, and agree, on behalf of themselves and their U.S. Affiliates, for the benefit of the Corporation, to comply with the U.S. selling restrictions imposed by the laws of the United States and set forth in Schedule "A" hereto. Notwithstanding the foregoing provisions of this section, no Underwriter or its U.S. Affiliate will be liable to the Corporation under this section or Schedule "A" hereto with respect to a violation by another Underwriter or its U.S. Affiliate of the provisions of this section or Schedule "A" hereto if the former Underwriter or its U.S. Affiliate is not itself also in violation.
- (b) The Corporation makes the representations, warranties, covenants and agreements applicable to it in Schedule "A" hereto.

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to Peters & Co. Limited.

PETERS & CO. LIMITED

By: (signed) "Christopher S. Potter"

CIBC WORLD MARKETS INC.

By: (signed) "Michael Freeborn"

CORMARK SECURITIES INC.

By: (signed) "Ryan A. Shay"

RAYMOND JAMES LTD.

By: (signed) "Jason Holtby"

NATIONAL BANK FINANCIAL INC.

By: (signed) "Blair C. Ward"

ALTACORP CAPITAL INC.

By: (signed) "Cameron Bailey"

FIRSTENERGY CAPITAL CORP.

By: (signed) "Dean M. Willner"

RBC DOMINION SECURITIES INC.

By: (signed) "Andrew MacNiven"

TD SECURITIES INC.

By: (signed) "Gregory B. Saksida"

ACCEPTED AND AGREED to as of the date first written above.

CANYON SERVICES GROUP INC.

By: (signed) "Bradley P.D. Fedora"

SCHEDULE “A”

U.S. SELLING RESTRICTIONS

1. For the purposes of this Schedule “A”, the following terms have the meanings indicated:
 - (a) “**Directed Selling Efforts**” means “directed selling efforts” as defined in Rule 902(c) of Regulation S;
 - (b) “**Foreign Private Issuer**” means a “foreign issuer” as that term is defined in Rule 902(e) of Regulation S;
 - (c) “**General Solicitation**” and “**General Advertising**” means “general solicitation” and “general advertising”, respectively, as used in Rule 502(c) under the U.S. Securities Act, including, without limitation, advertisements, articles, notices or other communications published on the internet or in any newspaper, magazine or similar media or broadcast over radio, internet or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;
 - (d) “**Offering Documents**” means (i) the Preliminary U.S. Placement Memorandum; and (ii) the U.S. Placement Memorandum;
 - (e) “**Offshore Transaction**” means an “offshore transaction” as defined in Rule 902(h) of Regulations S;
 - (f) “**Qualified Institutional Buyer**” means a “qualified institutional buyer” as defined in Rule 144A;
 - (g) “**Regulation S**” means Regulation S under the U.S. Securities Act;
 - (h) “**Representation Letter**” means the form of U.S. Purchaser’s Letter attached to the U.S. Placement Memorandum as Exhibit A;
 - (i) “**Rule 144A**” means Rule 144A under the U.S. Securities Act; and
 - (j) “**Substantial U.S. Market Interest**” means “substantial U.S. market interest” as defined in Rule 902(j) of Regulation S.

Capitalized terms used in this Schedule “A” but not defined herein have the meanings ascribed to them in the Underwriting Agreement to which this Schedule “A” is attached and of which this Schedule “A” forms a part (the “**Underwriting Agreement**”).

2. The Underwriters may offer and sell the Offered Shares on the terms and subject to the conditions of this Schedule “A”. In connection therewith and as of the date hereof, the Closing Date and any Additional Closing Date, the Corporation represents, warrants and covenants to and with the Underwriters that:
 - (a) the Corporation is, and as of the Closing Date and any Additional Closing Date will be, a Foreign Private Issuer and reasonably believed at the commencement of the offering of the Offered Shares that there was, and reasonably believes there is and will be on the Closing

Date and any Additional Closing Date, no Substantial U.S. Market Interest with respect to the Common Shares;

- (b) none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, the U.S. Affiliates, any members of the Selling Dealer Group and any person acting on their respective behalf, as to whom no representation, warranty or covenant is made) has made or will make any Directed Selling Efforts with respect to the Offered Shares;
- (c) the Corporation is not, and following the application of the proceeds of the sale of the Offered Shares in the manner described in the Offering Documents will not be, registered or required to be registered as an “investment company” under the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder;
- (d) none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, the U.S. Affiliates, any members of the Selling Dealer Group and any person acting on their respective behalf, as to whom no representation, warranty or covenant is made) has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with any offer or sale of the Offered Shares or any security convertible or exchangeable into Offered Shares in the United States;
- (e) so long as any of the Offered Shares are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and cannot be sold pursuant to Rule 144(b)(1) under the U.S. Securities Act, the Corporation will, if it is not subject to the reporting requirements of Section 13 or Subsection 15(d) of the U.S. Exchange Act or does not comply with the requirements of Rule 12g3-2(b) thereunder or if it is subject to reporting requirements under the U.S. Exchange Act and fails to comply therewith, provide to any holder of the Offered Shares, or to any prospective purchaser thereof designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of resale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (to the extent necessary in order to permit compliance with Rule 144A in connection with resales of the Offered Shares);
- (f) none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, U.S. Affiliates, any members of the Selling Dealer Group and any person acting on their respective behalf, as to whom the Corporation makes no representation, warranty or covenant) has taken or will take any action that would cause the exclusion from the registration requirements of the U.S. Securities Act provided by Rule 903 of Regulation S, or the exemption from the registration requirement of the U.S. Securities Act provided by Rule 144A, to be unavailable for the offer and sale of the Offered Shares pursuant to the Underwriting Agreement;
- (g) in connection with offers and sales of Offered Shares outside of the United States, the Corporation, its affiliates and any person acting on its or their behalf (other than the Underwriters, the U.S. Affiliates, any members of the Selling Dealer Group, and any person acting on their respective behalf as to whom the Corporation makes no representation, warranty or covenant) have complied and will comply with the requirements for an Offshore Transaction;

- (h) as of the date hereof and as of the Closing Date and any Additional Closing Date, none of the Offered Shares is or will be part of a class of securities (i) listed on a national securities exchange registered under Section 6 of the U.S. Exchange Act, (ii) quoted in a U.S. automated inter dealer quotation system (within the meaning of such term for purposes of Rule 144A), or (iii) convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) or exercisable at an effective exercise premium (calculated as specified in paragraph (a)(7) of Rule 144A), as applicable, of less than ten percent for securities so listed or quoted;
 - (i) none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, the U.S. Affiliates, any members of the Selling Dealer Group, and any person acting on their respective behalf, as to whom no representation, warranty or covenant is made) has taken or will take any action, directly or indirectly, that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares; and
 - (j) no class of the Corporation's securities is registered or required to be registered under Section 12 of the U.S. Exchange Act and the Corporation does not have a reporting obligation under Section 15(d) of the U.S. Exchange Act.
3. Each Underwriter, on behalf of itself and its U.S. Affiliates, acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, each Underwriter, severally and not jointly, represents, warrants and covenants to and with the Corporation as of the date hereof, on behalf of itself and its U.S. Affiliates, the Closing Date and any Additional Closing Date that:
- (a) it has not offered or sold, and will not offer or sell (i) any Offered Shares constituting part of its allotment within the United States except as provided in this Schedule "A", or (ii) any Offered Shares outside of the United States except in Offshore Transactions in accordance with Rule 903 of Regulation S. Accordingly, except as provided for in the Underwriting Agreement, including this Schedule "A", none of it, its affiliates, including, without limitation, its U.S. Affiliate, or any person acting on its or their behalf, has engaged or will engage in: (i) any offer to sell or any solicitation of an offer to buy any Offered Shares to any person in the United States, (ii) any sale of Offered Shares to any purchaser unless, at the time the buy order was or will have been originated, the purchaser was outside the United States, or such Underwriter, affiliate or person acting on behalf of either reasonably believed that such purchaser was outside the United States, or (iii) any Directed Selling Efforts with respect to the Offered Shares;
 - (b) none of it, its affiliates, including, without limitation, its U.S. Affiliate, or any person acting on its or their behalf has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with its offers or sales of the Offered Shares in the United States;
 - (c) all offers and sales of the Offered Shares in the United States will be effected through its U.S. Affiliate, and such U.S. Affiliate is, and shall be on the date of each offer and sale of Offered Shares by it, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which such offers and

sales of Offered Shares were or will be made (unless exempted from the respective state's broker dealer registration requirements) and is, and shall be on the date of each offer and sale of Offered Shares by it, a member in good standing with the Financial Industry Regulatory Authority, Inc. ("**FINRA**"). All offers and sales of Offered Shares in the United States by it were made and will be made by its U.S. Affiliate in compliance with all applicable United States federal and state laws and regulations governing the registration and conduct of brokers and dealers and all applicable rules of FINRA. It and such U.S. Affiliate, as applicable, is a Qualified Institutional Buyer;

- (d) it has not used and will not use any written material other than the Offering Documents (other than the Representation Letter) in connection with offers and sales of Offered Shares in the United States; it has provided or will provide, through its U.S. Affiliate, to each offeree of Offered Shares in the United States to which it or its U.S. Affiliate offered Offered Shares, a copy of one or both of the Preliminary U.S. Placement Memorandum and/or the U.S. Placement Memorandum; and, a reasonable time prior to confirming any sale of Offered Shares in the United States, it agrees to provide, through its U.S. Affiliate, a copy of the U.S. Placement Memorandum to each person in the United States purchasing the Offered Shares from it and to each person purchasing Offered Shares that was offered Offered Shares in the United States by it, acting through its U.S. Affiliate;
- (e) any offer, sale or solicitation of an offer to buy Offered Shares that has been made or will be made by it, acting through its U.S. Affiliate, in the United States was or will be made only to persons reasonably believed by it and its U.S. Affiliate to be Qualified Institutional Buyers purchasing Offered Shares for its own account or for the account of one or more Qualified Institutional Buyers with respect to which it exercises sole investment discretion in accordance with Rule 144A, and in transactions that are exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws;
- (f) prior to the completion of any sale of Offered Shares in the United States or to any person that was offered Common Shares in the United States, (i) each such purchaser thereof (a "**U.S. Purchaser**") will be required to provide a duly executed Representation Letter, and (ii) copies of all such executed Representation Letters shall be delivered to the Corporation;
- (g) all U.S. Purchasers of the Offered Shares shall be informed that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and the Offered Shares are being offered and sold to such purchasers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and similar exemptions under applicable U.S. state securities laws;
- (h) immediately prior to soliciting offerees in the United States and at the time of completion of each sale to a U.S. Purchaser, the Underwriter and its U.S. Affiliate and any person acting on its or their behalf had and shall have reasonable grounds to believe and did and shall believe that each offeree was a Qualified Institutional Buyer;
- (i) none of it, its U.S. Affiliate, any member of the Selling Dealer Group, or any of its or their affiliates has taken or will take any action, directly or indirectly, that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares; and
- (j) it has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Shares, except with its affiliates, or with the prior written

consent of the Corporation. It shall require its U.S. Affiliate to agree, for the benefit of the Corporation, to comply with, and shall use its best efforts to ensure that its U.S. Affiliate and each member of the Selling Dealer Group complies with, the same provisions of this Schedule "A" as apply to such Underwriter as if such provisions applied to such U.S. Affiliate and Selling Group Member.

4. Each Underwriter, severally and not jointly, agrees that:
 - (a) prior to the Closing Date and any Additional Closing Date, it will cause its U.S. Affiliate to provide the transfer agent for the Offered Shares with a list of all U.S. Purchasers purchasing Offered Shares from or through its U.S. Affiliate or that were offered Offered Shares in the United States by it, acting through its U.S. Affiliate, and will provide the Corporation with all completed and executed Representation Letters from such U.S. Purchasers for acceptance by the Corporation;
 - (b) at the Closing Time and any Additional Closing Time, it, together with its U.S. Affiliate, will provide an executed certificate, substantially in the form of Exhibit 1 to this Schedule "A" relating to the manner of the offer and sale of the Offered Shares in the United States, or will be deemed to have represented and warranted for the benefit of the Corporation that neither it nor its U.S. Affiliate offered or sold Offered Shares in the United States; and
 - (c) if the Underwriters authorize any member of the Selling Dealer Group (if any) to offer and sell Offered Shares in the United States through a duly registered broker-dealer in the United States, the Underwriters will cause each such firm to acknowledge in writing, for the benefit of the Corporation, its agreement to be bound by the provisions of the Underwriting Agreement, including this Schedule "A", in connection with all offers and sales of the Offered Shares in the United States. The Underwriters have not and will not make any other contractual arrangement for the offer and sale of the Offered Shares in the United States without the prior written consent of the Corporation.

EXHIBIT I

To Schedule “A”

Underwriter’s Certificate

In connection with the private placement in the United States of the common shares (the “**Offered Shares**”) of Canyon Services Group Inc. (the “**Corporation**”) pursuant to the underwriting agreement, dated effective March 7, 2016, among the Corporation and the Underwriters named therein (the “**Underwriting Agreement**”), each of the undersigned does hereby certify in favor of the Corporation as follows:

- (A) **[Name of U.S. broker dealer Affiliate]** (the “**U.S. Affiliate**”) is, and at all relevant times was, a duly registered broker dealer under the U.S. Exchange Act and all applicable U.S. state securities laws (unless exempted from the respective state’s broker-dealer registration requirements), and is and was a member of and in good standing with the Financial Industry Regulatory Authority, Inc. on the date hereof and on the date of each offer and sale made by it in the United States, and all offers and sales of Offered Shares in the United States effected by the U.S. Affiliate have been and will be effected in accordance with all applicable United States federal and state laws governing the registration and conduct of brokers and dealers and all applicable rules of FINRA;
- (B) the U.S. Affiliate provided each offeree in the United States to which it offered Offered Shares with a copy of one or both of the Preliminary U.S. Placement Memorandum and/or the U.S. Placement Memorandum and provided each U.S. Purchaser of Offered Shares prior to the time of purchase of Offered Shares with a copy of the U.S. Placement Memorandum, and no other written material (other than the Representation Letter) has been or will be used by us in connection with offers and sales of Offered Shares in the United States by the U.S. Affiliate;
- (C) immediately prior to transmitting such Offering Documents to offerees in the United States, we had reasonable grounds to believe and did believe that each such offeree was, and continue to believe that each U.S. Purchaser purchasing Offered Shares from us is, a Qualified Institutional Buyer;
- (D) no form of Direct Selling Efforts was used by us in connection with the offer and sale of Offered Shares and no form of General Solicitation or General Advertising was used by us in connection with the offer and sale of the Offered Shares in the United States, including, without limitation, advertisements, articles, notices or other communications published on the internet or in any newspaper, magazine or similar media or broadcast over radio, television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;
- (E) prior to any sale of Offered Shares to a U.S. Purchaser, we caused each U.S. Purchaser to sign a Representation Letter and have delivered executed copies of all such Representation Letters to the Corporation;
- (F) we have not and will not take any action that would, directly or indirectly, constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares; and
- (G) the offering of the Offered Shares has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule “A” attached thereto.

Unless otherwise defined, terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule "A" attached thereto.

Dated _____, 2016.

[U.S. BROKER—DEALER AFFILIATE]

By: _____
Name:
Title

[UNDERWRITER]

By: _____
Name:
Title